



## **DEPARTMENT OF AGRICULTURE**

### **Food and Nutrition Service**

#### **7 CFR Parts 272 and 273**

**[FNS-2019-0055]**

**RIN 0584-AE75**

### **Supplemental Nutrition Assistance Program: Requirement for Interstate Data Matching to Prevent Duplicate Issuances**

**AGENCY:** Food and Nutrition Service (FNS), Department of Agriculture (USDA).

**ACTION:** Interim final rule.

**SUMMARY:** The Agriculture Improvement Act of 2018 requires the Secretary of Agriculture to establish an interstate data system called the National Accuracy Clearinghouse (NAC) to prevent issuance of Supplemental Nutrition Assistance Program (SNAP) benefits to an individual by more than one State agency simultaneously (also known as interstate duplicate participation). This interim final rule requires SNAP State agencies to provide information to the NAC regarding individuals receiving SNAP benefits in their States in order to ensure they are not already receiving benefits in another State. It also requires State agencies to take appropriate action with respect to each indication from the NAC that an individual may already be receiving SNAP benefits from another State agency. This rule aims to enhance Program integrity by reducing the risk of improper payments and improve customer service by incorporating best practices and lessons learned from the NAC pilot to require that State agencies take appropriate and timely action to resolve NAC matches. This rule also establishes safeguards to ensure households receive benefits for which they are eligible and are not incorrectly removed from the Program.

**DATES:** *Effective date:* This rule is effective [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

*Implementation date:* The USDA (or Department) intends to implement this nationwide NAC matching solution using a phased approach that will allow all State agencies to onboard over a period of 5 years. State agencies must comply with the provisions of this interim final rule no later than October 4, 2027.

*Comment date:* To be considered, written comments on this interim final rule must be received on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** Comments may be submitted in writing by one of the following methods:

- Federal eRulemaking Portal: Go to <https://www.regulations.gov>. Follow the online instructions for submitting comments.
- Mail: Send written comments to State Administration Branch, Program Accountability and Administration Division, Supplemental Nutrition Assistance Program, Food and Nutrition Service, USDA, 1320 Braddock Place, 5<sup>th</sup> floor, Alexandria, VA, 22314.
- All written comments submitted in response to this interim final rule will be included in the record and will be made available to the public. Please be advised that the substance of the comments and the identity of the individuals or entities submitting the comments will be subject to public disclosure. FNS will make the written comments publicly available on the Internet via <https://www.regulations.gov>.

**FOR FURTHER INFORMATION CONTACT:** Maribelle Balbes, Chief, State Administration Branch, Program Accountability and Administration Division, Supplemental Nutrition Assistance Program, Food and Nutrition Service, USDA, 1320

Braddock Place, 5<sup>th</sup> floor, Alexandria, VA, 22314, by phone at (703) 605-4271 or via email at SM.FN.SNAPSAB@usda.gov.

## **SUPPLEMENTARY INFORMATION:**

### **I. Background**

#### **A. Statutory Authority**

Section 4011 of the Agriculture Improvement Act of 2018 (Public Law 115-334, the “Farm Bill”) amended Section 11 of the Food and Nutrition Act of 2008 (“the Act”) (7 U.S.C. 2020) by creating a new subsection (x). Section 11(x) of the Act requires that “[t]he Secretary ... establish an interstate data system, to be known as the ‘National Accuracy Clearinghouse,’ to prevent multiple issuances of supplemental nutrition assistance program benefits to an individual by more than 1 State agency simultaneously.” The Act further requires the Secretary to promulgate regulations to prevent multiple issuances of SNAP benefits, including specific mandates to “incorporate best practices and lessons learned from the pilot program under Section 4032(c) of the Agricultural Act of 2014” and to “require a State agency to take appropriate action, as determined by the Secretary, with respect to each indication of multiple issuance of supplemental nutrition assistance program benefits, or each indication that an individual receiving such benefits in 1 State has applied to receive such benefits in another State.”

Section 4009 of the Farm Bill amended Section 11 of the Act. As amended, Section 11(e) of the Act states “that for a household participating in the supplemental nutrition assistance program, the State agency shall pursue clarification and verification, if applicable, of information relating to the circumstances of the household received from data matches for the purpose of ensuring an accurate eligibility and benefit determination, only if the information... is obtained from data matches carried out under subsection (q), (r), or (x).”

## **B. Authority for Interim Final Regulation**

The Department is issuing this interim final rule at the direction of Congress. The Act, in a sub-section entitled “Issuance of Interim Final Regulations” provides that “not later than 18 months after the date of enactment of the Agriculture Improvement Act of 2018, the Secretary shall promulgate regulations (which shall include interim final regulations) to carry out this subsection...” 7 U.S.C. 2020(x)(3). The Department will issue a final rule after considering public comments and obtaining additional information during the initial implementation.

## **C. Existing Requirements for Residency, Duplicate Participation, Recipient Claims, and Intentional Program Violations**

### *Residency Requirement*

Under existing Program rules, an individual may not receive SNAP benefits from more than one State agency that administers the Program (henceforth referred to as State or State agency) for the same benefit month. Regulations at § 273.3 require that a household live in the State where it files a SNAP application and stipulate that no individual may participate as a member of more than one household or in more than one project area (i.e., a State) in any month, unless an individual is a resident of a shelter for battered women and children as defined at § 271.2. Program regulations at § 273.2(f)(1)(vi) also require that State agencies verify applicants’ residency before certifying a household initially applying.

### *Duplicate Participation*

Current SNAP regulations at § 272.4(e) also require State agencies to establish systems to prevent individuals from participating in more than one household within one State (duplicate participation). The regulation stipulates that State agencies match against names and Social Security numbers at a minimum, and other identifiers such as birth dates or addresses as appropriate.

### *Recipient Claims*

Per § 272.2(d)(1)(x), State agencies must submit a claims management plan as part of their State plan of operations, for informational purposes only, that describes their procedures for establishing and collecting overpayment claims. If duplicate participation is identified, State agencies follow the regulations at § 273.18 to establish and collect claims for the amount of benefits overpaid. These claim regulations provide State agencies with flexibility to compromise or terminate claims under certain conditions and provide States with collection options. SNAP also participates in the Treasury Offset Program and provides assistance to help State agencies collect unpaid balances.

### *Intentional Program Violation*

An intentional Program violation, defined at § 273.16(c), occurs when an individual intentionally makes a false or misleading statement or withholds facts; or an individual commits any act that constitutes a violation of the regulations for the purpose of trafficking SNAP benefits, which is the exchange of benefits for cash or other considerations. The regulations at § 273.16(a) provide that State agencies shall be responsible for investigating any case of alleged intentional Program violation and ensuring that cases are acted upon, as appropriate, either through administrative disqualification hearings or referral to a court of appropriate jurisdiction. Furthermore, Section 6(j) of the Act states that members of a household who make a fraudulent statement or representation about their residence so as to receive multiple benefits simultaneously must be disqualified for a period of 10 years.

However, an instance of duplicate participation does not necessarily indicate an intentional Program violation or fraud. For example, an individual may have recently moved between States and inadvertently failed to close their case, or a State agency failed to timely close a case for an individual that it knew had moved. The timeframe for when

an individual must report a move depends on the reporting system to which the State agency has assigned the individual. However, prior to receiving benefits in a new State, the individual's existing case must either be closed or the individual must be removed from the previous household's existing case as an individual cannot participate in more than one project area in any given month. When a State agency receives a report of an out of State move, it must take action to close the case or remove the individual from a case in a timely manner. Failure by an individual to report a move, or a State agency to take prompt action to remove an individual from SNAP when reported, may lead to instances of duplicate participation but would not be considered an intentional Program violation or fraud. In these instances, the individual is not intentionally receiving benefits from more than one State agency simultaneously. Comments from the Congressional record regarding the Farm Bill<sup>1</sup> state, "We know that duplicate participation, when it does occur, is rarely intentional fraud, but rather is a result of a household or household member simply moving from one State to another and not successfully disenrolling in their previous home State. This could be caused by households not being able to get through to a call center to report the move or a State not taking the proper action to close the case or remove the household member [after a move is reported]."

Therefore, in order to determine whether fraud has occurred, a State agency is responsible for investigating and either: 1) determining through an administrative disqualification hearing if an individual committed an intentional Program violation or 2) referring a case for prosecution for fraud. Additional comments from the Congressional record on the Farm Bill further state that "without evidence of a client's intent to defraud the program, State agencies should assume that dual enrollment discovered through the NAC is unintentional".<sup>2</sup> Given that the regulatory definition of an intentional Program

---

<sup>1</sup> <https://www.congress.gov/115/crec/2018/12/19/CREC-2018-12-19-pt1-PgS7918.pdf>, paragraph 7

<sup>2</sup> <https://www.congress.gov/115/crec/2018/12/19/CREC-2018-12-19-pt1-PgS7918.pdf>, paragraph 7

violation at § 273.16(c) requires that acts be committed intentionally, this is in keeping with the current Program operations. These Congressional Record comments also align with Section 6(j) of the Farm Bill and § 273.16(b)(5), both of which focus on an individual making fraudulent statements or representations concerning their residency. Thus, a State agency may only determine an individual has done this when there is evidence that the applicant knowingly engaged in duplicate participation with the intent to collect SNAP benefits in more than one State simultaneously. This is opposed to instances of administrative oversight, such as an applicant reporting a move and the State agency failing to close the case, which do not arise as a result of an individual's fraudulent statements or representations.

#### **D. The Current State of Interstate Duplicate Participation**

Individuals are prohibited from participating in SNAP as a member of more than one household or in more than one project area, except for residents of a shelter for battered women and children. Per § 272.4(e), State agencies already use existing processes to prevent duplicate participation within their States including, but not limited to validation of Social Security numbers, verification of identity and residency, and matching personal identifiers against its caseload. Additionally, many State agencies rely on a question on the SNAP application about receiving benefits in another State in order to prevent duplicate participation. An applicant's affirmative response to this question starts a manual process that can involve emailing or calling another State agency to inquire about the applicant, which may result in delays in the application process and prevent the applicant from receiving their benefits in a timely manner. A lack of comprehensive and automated data sharing between State agencies can result in duplicate participation, as State agencies will have to determine eligibility within the application processing timeframe before verification from the previous project area is received. A manual process of resolving instances of duplicate participation also requires waiting to issue

benefits because another State agency failed to take action to close a case, which can result in a delay of benefit determination. These challenges highlight the need for enhanced and required communication and data sharing between State agencies which are discussed later in this rule.

Although SNAP regulations do not mandate it, most State agencies use the Department of Health and Human Services' Public Assistance Reporting Information System (PARIS) to identify individuals who may be current SNAP participants in more than one State. State agencies submit data to PARIS on varying schedules; some provide information once per quarter while others submit less often. PARIS checks for matches on a quarterly basis. Due to its quarterly matching frequency, PARIS can only help State agencies identify duplicate participation after-the-fact and does not enable State agencies to prevent it from occurring. For example, there could be up to three months of duplicate participation before the State agency receives a match, resulting in the establishment of larger claims for the individual to repay than if the match had been detected immediately. Additionally, because PARIS conducts data matches on State-submitted data at a frequency of once per quarter or less, a match merely indicates that an individual was active in two States during the months being matched, but this does not necessarily indicate benefit receipt occurred simultaneously in a single month. For example, if duplicate participation is identified during the match of October, November, and December data, it's possible that the individual was participating in one State in October and another State in November and December. Determining any overlap in benefit issuance in such an instance typically involves a manual process and can be burdensome to State agencies to resolve.

These existing processes that identify overpaid benefits after-the-fact may have unintended consequences for households, oftentimes including unnecessary household



burden, and can result in poor or inconsistent customer service. Because of the delays associated with after-the-fact matches and manual processes, there is an increased likelihood that an applicant who reported a move could still be flagged for duplicate participation and must navigate the claims recovery process even though they complied with Program rules.

#### **E. The National Accuracy Clearinghouse Pilot**

The following paragraphs provide context surrounding the establishment of the National Accuracy Clearinghouse (NAC) pilot, its independent evaluation, lessons learned, final points, and Department's expectations for the NAC moving forward. The business process and system discussion in this section references how the NAC pilot operates, which is separate and different from the nationwide NAC being established by this rule. The nationwide NAC will be discussed in Section II.

Beginning in 2013, the State of Mississippi established a pilot that was funded by the Office of Management and Budget's (OMB) Partnership Fund for Program Integrity Innovation.<sup>3</sup> The pilot was designed to test the feasibility of improving upon existing processes by establishing a real-time interstate data matching system to prevent duplicate participation, this system is called the NAC pilot. The NAC pilot data matching operations began in June 2014 and consisted of five participating State agencies: Alabama, Florida, Georgia, Louisiana, and Mississippi. The NAC pilot is still in operation under administrative waivers. However, there are only four State agencies still operating the pilot under administrative waivers: Alabama, Florida, Georgia, and Mississippi.

---

<sup>3</sup> <https://obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2011/m11-01.pdf>

As part of the pilot, each participating State agency submits a daily file of its entire SNAP participant caseload, which is then integrated into a list of all SNAP participants receiving benefits in the participating States. State agencies query the system when they receive SNAP applications or add new members to an existing household. The NAC pilot checks these individuals against the list of active SNAP participants in the other pilot States. When a State agency identifies that an applicant is receiving benefits in another State, the SNAP State agency staff in the applicant State contact the State agency where the applicant is already receiving benefits to close the individual's case or remove the individual from the household. Once the applicant's out-of-State case is closed or the individual is removed from the household, the State agency receiving the application can move forward with the certification process. If the applicant is checked against the NAC pilot's list of active SNAP participants in other States and the applicant is not identified as receiving SNAP benefits elsewhere, then the State agency proceeds with the certification process as usual.

The NAC pilot allowed for estimation on the prevalence of interstate duplicate participation in the five participating States. Analysis of data from before the NAC pilot began operations suggested that between 0.09 percent and 0.17 percent of the individual SNAP participants active in each pilot State's caseload in May 2014 were also receiving benefits in another one of the pilot States in May 2014. The Department notes, however, that this data only represent instances of interstate duplicate participation where both States issuing benefits were participating in the pilot. Accordingly, the NAC pilot could not discover any potential matches between a State participating in the NAC pilot and a State that was not participating in the NAC pilot. This limited ability to detect matches suggests that the nationwide NAC will only increase positive match frequency when new State agencies are added to the system. The positive match frequency is also expected to

decrease gradually as State agencies adopt the nationwide NAC and NAC business processes implemented by this rule.

#### *Independent Evaluation of the NAC Pilot<sup>4</sup>*

Pursuant to Section 4032(c) of the Agricultural Act of 2014, an independent evaluation assessed the NAC pilot's detection and prevention of duplicate participation between May 2013 and August 2015 and reported on variations in implementation among the five State agencies. As the NAC pilot focused exclusively on interstate duplicate participation, intrastate duplicate participation was not assessed as a part of the NAC pilot evaluation. Overall, the evaluation found a relatively low occurrence of duplicate participation – ranging from less than one-tenth of one percent of Louisiana's eligible individuals in May 2014 to just below two-tenths of one percent of Georgia's.<sup>5</sup> The evaluation report indicated that a significant percentage of duplicate participation occurs when a new member is being added to a household with an existing case. As presented in Table 19 of the evaluation report, an average of 47 percent of duplicate participation instances found were from individuals residing in households where all members are not duplicate participants. The Department interprets these occurrences of duplicate participation as instances where administrative processes need to be improved and better customer service provided, particularly for individuals or households that move between States. It is likely that these individuals either failed to report their move or were not promptly disenrolled by the State agency. Table 21 further emphasizes the need for greater customer service by evaluating claims data on cases including duplicate participants identified at initial matching of the NAC pilot. Out of the claims data

---

<sup>4</sup> <https://risk.lexisnexis.com/-/media/files/government/report/b7de1d11976a4bdd82a039a8f272265busdareportonnac2016117614%20pdf.pdf>

<sup>5</sup> <https://risk.lexisnexis.com/-/media/files/government/report/b7de1d11976a4bdd82a039a8f272265busdareportonnac2016117614%20pdf.pdf>, page 10.

reported, more than 27 percent of claims were due to State agency error or inadvertent client error. Based on this information, the Department determines that there is a greater need for enhanced customer service for applicants and participants who move between States or households, as well as better training for eligibility workers to identify these individuals and prevent inadvertent household errors and State agency errors that may result in the establishment of a claim and added burden.

Although the evaluation found that the rate of duplication participation is infrequent, the report found a 46 percent reduction in the number of SNAP participants receiving benefits in more than one pilot State after one year of NAC pilot operation. Each of the five States experienced a reduction in duplicate participation, but the scale of the reductions varied. Two of the five States had 81 percent fewer instances of SNAP participants receiving benefits in another State compared to pre-NAC pilot levels (for example, from a monthly average of 882 instances down to 166 in Mississippi), while another two saw reductions of less than 30 percent (for example, from a monthly average of 3,383 to 2,446 instances in Florida). The Department believes that improving administrative processes will further diminish households' inadvertent duplicate participation.

The NAC pilot evaluation also measured each State agency's effectiveness in using the NAC pilot to prevent duplicate participation, comparing positive matches generated by queries regarding SNAP applicants or new household members to subsequent positive indications of active duplicate participation. Matches on SNAP applicants or new household members that subsequently became active duplicate participants indicate that the information from the NAC pilot failed to prevent an individual from receiving benefits from more than one State agency simultaneously due to participant State agencies not taking appropriate actions when notified of a match and/or a lack of

communication between State agencies. Again, there was significant variation in how effectively the five pilot State agencies used the NAC pilot to prevent duplicate participation. In two of the five States, less than 10 percent of individuals identified in NAC pilot matches resulted in subsequent duplicate participation. Other pilot State agencies were not as effective. The least effective State agency consistently saw about 40 percent of instances of individuals identified in matches resulting in duplicate participation.

### *NAC Pilot Lessons Learned*

The overall findings from the evaluation indicate that the rate of duplicate participation is low; that when it does occur, it is sometimes inadvertent, such as a State agency failing to promptly disenroll an individual that had moved between States and/or households, and not fraud; and that use of the NAC can effectively reduce duplicate participation if State agencies apply lessons learned from the pilot as they implement the nationwide NAC data match. The pilot State agencies with larger reductions in duplicate participation were the same State agencies with better rates of preventing duplicate participation. The NAC pilot evaluation found that these State agencies were more successful largely due to the extent that they automated NAC processes. They used web services to link their State systems with the NAC pilot. This enabled real-time querying of the NAC pilot in a manner similar to a manual portal query, where eligibility workers checked for NAC matches by manually inputting data, with the added advantage of limiting eligibility worker intervention to only those instances in which a match is generated. For example, if a State agency eligibility worker needs to process an application on the same day the application is received, the web services approach allows for sending and receiving information from the NAC pilot that same day. Pilot States that were less effective in terms of preventing and reducing duplicate participation used a batch process model where information is not returned until the following day. This sometimes led to the

certification of an application before the caseworker became aware that there was a positive match from the NAC pilot indicating an active case in another State.

The more successful States in the NAC pilot also integrated the pilot with their SNAP eligibility systems and into existing workflows. State agency eligibility workers received flags to take additional steps only in the event of a positive match, rather than having to check the NAC pilot portal for every application they processed and every person they added to a case.

The differences in business processes and systems integration not only provide at least a partial explanation for the varied outcomes achieved by State agencies, but also support a set of practices that may be adopted to improve upon and maximize the effectiveness of the NAC pilot. Additionally, the evaluation report recommended that State agencies conduct comprehensive front-line training. This includes dedicating resources to delivering hands-on training for eligibility workers using real-world examples for the approach the State agency will use to operationalize the tool and communicate with other State agencies. These best practices from the NAC pilot combined with feedback from State agencies inform the design and implementation of the nationwide NAC solution created by this rule.

### *NAC Pilot Final Results*

The NAC pilot evaluation estimated the total benefit overpayments averted by the NAC pilot and the potential benefit overpayments that could be saved if the NAC were implemented nationwide. The evaluation compared the decay rate (the decline in the percentage of clients who remain duplicate participants in the five months following program entry) of duplicate participation by comparing entries from December 2013 (pre-pilot) and December 2014 (during pilot), and following the same individuals for five months between January and May. The difference represents the effectiveness of using

the NAC pilot to prevent and timely resolve duplicate participation. In each State, the entries of duplicate participation fell from December 2013 to December 2014. However, anywhere from 25.8 percent to 41.45 percent of instances of duplicate participation identified in December 2013 continued five months later into May 2014. Once the NAC pilot was implemented, the total number of duplicate participant instances fell for each State and the percentage of individuals remaining as duplicate participants after five months fell from 21 percent to 0 percent in Alabama, 51.4 percent to 17.8 percent in Florida, 49.6 percent to 17.1 percent in Georgia, 41.4 percent to 6.5 percent in Louisiana, and 34.9 percent to 3.2 percent in Mississippi. In each case, the NAC pilot was effective as reducing the rate of duplicate participation.

The NAC evaluation also calculated savings resulting from the pilot by estimating the savings per month per instance of duplicate participation prevention in each of the pilot States and multiplying those savings by the median months of duplicate participation avoided. To establish the median length of duplicate participation for an individual, the NAC evaluation identified the eligibility date in each State, selected the latest of the two dates to establish when overlapping eligibility began, identified the next recertification date for the individual's case in each State, and selected the soonest of the two recertification months. The number of months between the start of overlapping eligibility and the next recertification month establishes the median expected length of duplicate participation per State, which ranged from 6 to 11 months. The evaluation avoided double counting the prevention of duplicate participation in both States by assuming the individual was eligible to participate in one of the States. The estimated State agency costs of NAC participation were then subtracted from these savings to yield a total estimated net impact for the NAC pilot of more than \$5.6 million per year in the five NAC pilot States.

The evaluation estimated the potential impact of a nationwide NAC from the results of the NAC pilot, including the potential cost savings associated with its implementation. These savings estimates of the pilot States were converted to percentages of total fiscal year (FY) 2014 SNAP benefit issuance in each pilot State, then averaged and applied to the Program-wide total FY 2014 benefit issuance. The evaluation estimated that nationwide implementation of the NAC would have saved more than \$114 million in SNAP benefit overpayments in FY 2014, or 0.16 percent of total SNAP issuance. As a result of this successful pilot, as evidenced by the evaluation report findings, Congress passed legislation to expand the NAC nationwide and mandated State agency participation.

#### *Nationwide NAC*

The Department finds, based in part on the NAC pilot discussed above and feedback from State agencies and FNS Regional offices, that an automated and real-time nationwide NAC will help State agencies more effectively prevent duplicate participation and facilitate communication among State agencies, which can improve application processing timeliness and Program access. The NAC will prevent and detect interstate duplicate participation by ensuring that State agencies are accurately issuing benefits to individuals in the State in which they are eligible to receive them. State agencies will verify residency and identity prior to checking the NAC using existing verification requirements at § 273.2(f). If State agencies receive a positive match from the NAC for an individual, the State agency will work to quickly resolve the match and communicate with the other State agency identified in the match to ensure the individual's timely access to benefits. The State where the household previously resided will promptly respond to the other State agency identified in the match and work with the other State agency and the household to ensure proper and timely disenrollment as applicable. The NAC also requires and improves State-to-State communication and collaboration through



automation and improved tracking. State agencies must take appropriate actions to resolve match results and provide adequate notice to individuals who are identified as potential duplicate participants to ensure the timely processing of applications. SNAP applicants and participants will be relieved of the burden they previously had to resolve a positive match, as these new requirements place the burden on State agencies to resolve a match and communicate with one another once notified of a match. Through the use of the NAC, State agencies will be able to more effectively and timely disenroll and enroll individuals in the appropriate States. Clients are less likely to be adversely impacted by inaccurate flags that could result in burdensome or costly claims collections processes with an automated NAC process. Senator Stabenow, chairwoman of the Committee on Agriculture, Nutrition, and Forestry, reiterated the importance of timely processing of applications by stating “the conference committee expects that USDA’s Food and Nutrition Service, FNS, and States will establish procedures for the NAC that will not interfere with current application and enrollment procedures, particularly, the speedy processing of applications.”<sup>6</sup>

This rule does not change the existing requirements for household member residency, monitoring of intrastate duplicate participation, or claims against households.

Additionally, it does not change existing requirements and procedures for investigating and disqualifying violators.

The Department intends to implement a nationwide NAC using a phased approach that will onboard all State agencies over a period of 5 years, depending on their readiness, emphasizing training and proper implementation to minimize undue burden on the State agencies, Program participants, and applicants. The nationwide NAC will incorporate best practices and lessons learned from the NAC pilot in order to implement a system that

---

<sup>6</sup> <https://www.congress.gov/115/crec/2018/12/19/CREC-2018-12-19-pt1-PgS7918.pdf>, paragraph 8

prevents and detects duplicate participation efficiently and effectively, in a manner that does not delay the certification process. The NAC will allow FNS and State agencies to meet the statutory and regulatory requirements for NAC matches. The Department will provide technical assistance to State agencies to assist with NAC implementation and ensure State agencies take appropriate actions in response to NAC matches. The improved data sharing between State agencies is expected to reduce duplicate participation, reduce claims issued against individuals found to be duplicate participants, and help streamline the application process all while ensuring there is no delay in benefit determination.

## **II. Discussion of the Interim Final Rule**

### *State Agency Stakeholder Sessions*

The Department conducted 28, hour-long stakeholder sessions with 20 State agencies to better shape this rule, develop the system, and apply lessons learned from the NAC pilot. These sessions were held from December 2020 through August 2021 and included State agencies from Texas, Louisiana, Massachusetts, Montana, Iowa, Missouri, New Jersey, Illinois, Idaho, Utah, Maryland, Arizona, South Dakota, Nebraska, Connecticut, Kentucky, South Carolina, Washington, Nevada, and Alabama. These sessions informed the Department about State agency eligibility systems, existing State agency workflows, how State agencies currently process duplicate enrollment, capabilities and limitations of State agency technology, and how existing required data matches currently work from a front- and back-end perspective. FNS followed these sessions with technical email inquiries to the States to gather additional details needed to create a user-friendly system.

### *State Agency Requirements*

Section 11(x)(2) of the Act requires the Secretary to “establish an interstate data system, to be known as the ‘National Accuracy Clearinghouse,’ to prevent multiple issuances of

[SNAP] benefits to an individual by more than 1 State agency simultaneously.”

Therefore, to establish a system that is truly interstate, the Department is adding § 272.18(a)(1) and (2) through this interim final rule that establish the NAC and require each State agency to participate in the NAC matching program and use information from it to achieve the purpose set forth in Section 11(x)(2) of the Act. The NAC will, in real or near-real time, receive information from State agencies about all individuals receiving SNAP benefits in each State and notify State agencies when an individual is receiving SNAP benefits in another State.

The Department is committed to ensuring all statutory and regulatory requirements for the system and its documentation will be met and all required information will be provided in the Computer Matching Agreement (CMA), but many details that must be provided are dependent on the final System design. Therefore, this interim final rule includes several requirements for State agencies for which the exact procedures for completing them through the system will be provided in the CMA and related documents. State agencies are required to provide information to the NAC on all individuals participating in SNAP, except as provided in newly created § 272.18(b)(3). The Department has determined that the elements that are necessary to determine a match and that must be reported to the NAC are an individual’s name, Social Security number, and date of birth. However, since these data elements are personally identifiable information (PII), the Department is establishing secure procedures for submitting this information to the NAC and requiring State agencies to abide by them. In order to protect participant information, State agencies will not submit the names, Social Security numbers, and dates of birth to the NAC. Rather, State agencies will use a privacy-preserving record linkage (PPRL) process to convert these data elements to a secure cryptographic hash before sharing the information to the NAC. The PPRL process allows the NAC to accurately match individuals, while preventing the collection and storage of the names,

Social Security numbers, and dates of birth in the NAC system. A positive match is identified by the NAC when two or more hashes match. State agencies are also required to provide a participant ID to the NAC to allow the State agency to connect the match in the NAC to an individual in the State agency's system. In other words, the participant ID is used to help the State agency resolve a match. When a match is found, the NAC will create a match record with a unique match ID and notify the affected State agencies of the match. State agencies will use the participant ID they provided previously, now included in the match record, to find the matched individual in the State agency's eligibility system. This approach enhances security and privacy protections of applicant and participant information by ensuring the NAC does not store names, Social Security numbers and dates of birth. Additional security measures employed by the NAC include encryption of information in transit between State agencies and the NAC and within the NAC, as well as controlled access through e-authentication and role-based permissions.

Currently, under § 272.4(e)(1), each State agency must establish a process to prevent duplicate participation, while also ensuring that applications are processed timely and participants only receive benefits in the State in which they reside and are otherwise eligible, in accordance with regulations §§ 273.2(a)(2) and 273.3, respectively. Now that the Department is establishing the NAC and associated procedures through this interim final rule, the process provided for under § 273.4(e)(1) must include compliance with the NAC data matching regulations and other related requirements including the Privacy Act at 5 U.S.C. 552a, a signed Computer Matching Agreement (CMA) and Interconnection Security Agreement (ISA), and the NAC System of Record Notice that will be published in the Federal Register after publication of this interim final rule. FNS will provide technical assistance for State agency integration with the NAC system.

Section 11(x)(2)(B) of the Act specifically authorizes the Department “to require that State agencies make available to the National Accuracy Clearinghouse only such information as is necessary for the purpose...” of preventing duplicate participation. Through this interim final rule, the Department is adding § 272.18(b) to require State agencies to provide such information to the NAC. Section 272.18(b)(1) requires that each State agency provide information on all active SNAP participants to the NAC. This paragraph also defines, for the purpose of the NAC, an “active participant” as an individual who is approved to receive benefits for the month in which the State agency is uploading the data. The Department is adding § 272.18(b)(2), which indicates that all State agencies will use the information provided to the NAC to identify duplicate participation via NAC matches and that each State agency shall provide information on all active SNAP participants once per working day in accordance with the procedures provided by FNS in the CMA. It is important that information in the NAC be as current as possible to prevent a “false positive” match, indicating duplicate participation, that could generate unnecessary work for another State agency or the household. Conversely, any delay in adding an individual who has become part of a State agency’s active caseload would limit the NAC’s ability to prevent or curtail duplicate participation, potentially resulting in false positives and months of undetected duplicate participation, as has been the case when using the quarterly PARIS match to detect duplicate participation in SNAP.

To discover if an individual is already receiving SNAP benefits, information on that individual must be compared to the information previously provided by all other State agencies, as described later in this rule. The Department has identified three data elements that are essential for a positive match and that must be submitted to the NAC. These NAC data matching elements are: name, date of birth, and Social Security number. However, in order to prevent this information from being stored in the NAC, the

Department is establishing secure procedures to protect this information and is requiring State agencies to abide by them. These requirements and procedures are described in the Computer Matching and Interconnection Security Agreement package. The Department is adding § 272.18(c)(1) to outline the NAC matching process. State agencies must report the NAC data matching elements using the secure procedures established by FNS. The use of these data elements is necessary to implement a critical finding of the NAC pilot evaluation, which found that, with virtually no exceptions, matches using these combined data elements were valid. By comparison, Social Security number-only matches were often the result of data entry errors. Therefore, to avoid false positives and the burdens they place on State agencies and households to resolve, all three data elements must match to be deemed a positive match by the NAC.

A Social Security number is required as a NAC data matching element because a Social Security number is a requirement for SNAP participation. Regulations at § 273.6 require that a household participating or applying for participation in SNAP provide the State agency with the Social Security number of each household member or apply for one before certification. If the individual does not yet have a Social Security number but can provide proof that a Social Security number has been applied for, the State agency will continue with the eligibility determination process as appropriate. Once the individual receives a Social Security number and reports it to the State agency, it shall be added to the daily active participant upload using procedures established by FNS and any potential match will be indicated during the monthly bulk match.

The new regulation at § 272.18(b)(4) will require State agencies to submit additional data elements to help them resolve matches and to better protect those who may be considered vulnerable individuals. These additional required data elements include a vulnerable individual flag if applicable, and a participant ID, as previously mentioned. The NAC

will share these additional data elements with State agencies as part of the notification of a NAC match to provide useful context about the SNAP case in the other State and aid in the match resolution process. The additional data elements will have no impact on what is considered a positive match and is information that can be obtained by the State agency during the certification process.

While the NAC protects the information of all individuals throughout the matching process, this rule adds additional protection for those who are considered vulnerable individuals. The Department is requiring that a vulnerable individual flag be provided to the NAC, when applicable, because Section 11(x)(2)(C)(iv) specifies that information made available to the NAC be used in a manner that protects the identity and location of SNAP applicants and participants who are vulnerable. (Vulnerable individuals, defined by the newly created § 272.18(c)(9), are discussed later in this rule.) Automatically including a vulnerable individual flag at the time of the match, rather than relying on manual sharing of this information, ensures each State agency is immediately aware of the individual's vulnerable status and the need to take extra precautions to protect the identity and location of that person as they verify information and take action on the related SNAP case. The Department requires extra precautions to include removing the location of vulnerable individuals when issuing a notice of match results or a combined notice. States must also exclude location information from any written or verbal communications that happen as a result of a NAC match. For example, absent this requirement, an abusive spouse who received a notice of match results could attempt to bypass protections by contacting a toll-free State hotline and asking a call center employee to identify the source State of the NAC data match. Thus, the Department expects that State agencies take preventive measures to ensure the privacy and protection of vulnerable individuals, including those required by this rule, and that these practices

are established in State agency business processes, documented in writing, and that State agency employees are trained regarding how to implement these protections.

The Department requires State agencies to provide a participant ID that identifies an individual within the State agencies' own system to allow them to identify those individuals for whom they have received a notification of a NAC match. When a match is found, the NAC will create a match record with a unique match ID and notify the affected State agencies of the match. State agencies will then use the participant ID they provided previously, which is included in the match record in the NAC, to find the matched individual in the State agency system. The participant ID shall not use any sensitive PII.

The Department is aware that there are other data elements that, while not necessary for the match, could help a State agency resolve a match, such as a case number, a case closure date, or the date of last issuance. However, not all States have these data elements available, and of those that do, not all States have the same understating of what data is meant by these terms. While the Department can define such elements in regulation, making the terms uniform throughout the States, the impact a new definition and the immediacy of the implementation of this interim rule would have on the various State systems is not clear. Additionally, there may also be other data elements that the Department is unaware of that would help State agencies resolve a match. Therefore, in this interim final rule, the Department is not requiring State agencies to report additional data elements to the NAC but is signaling its intent to require in the final rule that State agencies report additional data elements if available, including a case number, a case closure data, and the date of last issuance. The Department is soliciting comments regarding these data elements, additional data elements State agencies have the ability to report, which data elements would be most helpful, and how they would be most helpful.



The Department is adding § 272.18(c)(2) requiring that State agencies follow existing verification procedures outlined at § 273.2(f)(1)(v), (vi), and (vii) for verifying Social Security numbers, residency, and identity prior to checking the NAC. This will ensure that State agencies have reliable information prior to checking the NAC. This requirement is based on existing regulations that require other data matches to verify match data at the time of application, including the prisoner verification system required at § 272.13(c), the deceased matching system required at § 272.14(c)(1), and the disqualified recipient database required at § 273.2(f)(11)(i)(B). These existing regulations require data matches “prior to certification” or “at the time of application” but do not further specify the timing of the required match. The State agency must follow Social Security number, residency, and verification requirements for a household as described at § 273.2(f)(1)(v), (vi), and (vii) before checking the NAC to ensure that they are potentially eligible to receive benefits in the State in which they are applying. This step is being added to minimize the likelihood of inaccurate data matches. Once the State agency completes these verification requirements, it may continue with the application process and the State agency may check the NAC for a match. The Department will assist the State agency in providing training to eligibility workers on their State agency’s processes for using the NAC, which may include information on how and when to conduct matches, how to respond in the event of a match, verifying information, ensuring timely application processing, and providing necessary notices. The Department further recommends that State agencies automate NAC processes to the greatest extent possible. This is a significant recommendation from the NAC pilot evaluation that suggests integrating the NAC with existing eligibility systems, real time queries of the NAC, and the automation of match notification emails as options for further automation.

It is important that new individuals who join existing SNAP households are checked against the NAC’s database of active participants in other States. The NAC pilot

evaluation found that 47 percent of individuals receiving SNAP benefits from multiple State agencies were part of households where all other household members were *not* receiving benefits from multiple State agencies. These data suggest that a significant percentage of interstate duplicate participation occurs when a new member is added to an existing case. For example, if an individual is a member of a household receiving benefits in one State, but then moves to another State and applies for benefits, a NAC match will indicate that that individual is already participating in another State as a part of a household. The previous household that the individual has moved away from will receive a notice from the State agency indicating that a NAC match was received and that they will need to either contest the findings or update their household composition to indicate the individual separated from them so that the individual can begin receiving benefits in the new State without causing duplicate participation. This follows the existing process for data matches in notifying the previous address of the match, providing them with an opportunity to contest, prior to taking adverse action. In this example, the previous household was not attempting to receive duplicate benefits from multiple States, and they were entitled to receive benefits in the State in which they reside. In a scenario where a State agency receives a positive match for a child moving between households due to a custody arrangement the State agency must resolve the match in order to determine what actions must be taken on the case. The State agency may be able to resolve the match based on existing information known to the State agency or it may need to pursue additional information or verify questionable information.

There is flexibility on exact timing when the State agency must submit new household member information to the NAC, but it must do so before adjusting household benefits to account for the new member as described in § 273.12(c)(1)(ii). Depending on a household's reporting system, it is not always required to immediately report changes in

household composition. Therefore, a household may report a new member before the prior household reports losing the individual without either household committing a violation of Program rules.

The Department is adding § 272.18(c)(6) requiring State agencies to note instances where there is a match in the participant's casefile. This requirement is necessary to ensure proper case documentation for the purposes of oversight as described in part 275, regarding performance reporting systems.

### *Bulk Data Matching Requirements*

The NAC will automatically conduct bulk matches on a monthly basis (“monthly bulk matches”) of the NAC data matching elements provided by all participating State agencies. The monthly bulk match compares the secure hash of all active participants included in the most current daily upload from each participating State agency to discover all instances of duplicate participation that exist at the time the match is conducted. The NAC will create a match record for each instance of duplicate participation found and will notify State agencies when duplicate participation is discovered for participants in their State. The Department is adding § 272.18(c)(4) to reflect this. The Department considers information that is received by State agencies as a result of a monthly bulk match unclear information because it is a match received during the certification period for an individual currently participating in SNAP. State agencies must pursue clarification and verification of this information by following the unclear information procedures provided in § 273.12(c)(3)(iv) (discussed in the next section) to provide notice and an opportunity to contest the information received before taking any adverse action. The NAC pilot evaluation indicated that bulk matches alone were insufficient in identifying and preventing duplicate participation; however, when implemented with other matches, bulk matching better identified matches that were

missed or not acted upon. The Department will provide ongoing technical assistance to State agencies emphasizing the importance of States approaching the resolution of these matches consistently as well as maintaining Program access for SNAP applicants and recipients to State agencies.

#### *Procedures and Requirements for Acting on NAC Data Matches*

State agencies using matching information from the NAC must comply with the requirements set forth at 5 U.S.C. 552a(p) and § 272.12(c). Pursuant to these requirements, State agencies may not take any adverse action to terminate, deny, suspend, or reduce benefits to an applicant or SNAP participant based on information produced by the NAC until the information has been independently verified by the State agency and the applicant or participant receives a notice from the State agency containing a statement of its findings, informing the individual of the opportunity to contest such findings, and the allowable timeframe to do so. State agency action upon receiving a NAC match varies depending on when the match is received; for example, during the certification period versus at the time of application. Therefore, the Department is adding § 272.18(c)(3) to describe the actions a State agency must take in response to a positive NAC match received at application, recertification, and addition of a new household member. When a State receives a positive NAC match on an individual at initial application, recertification, or when a new household member is added, the State agency must independently verify the information if there is a potential for adverse action in accordance with § 272.12(c)(1). Action only needs to be taken on positive matches. If there is no positive match, benefit determination continues following existing regulations.

The Department also establishes at § 272.18(c)(3) a 10-day timeframe for State agencies to initiate action to resolve a positive match at application, recertification, and addition of a new household member; as well as a requirement to promptly inform the other State

agency indicated in the match of the initiated action. The 10-day timeframe is consistent with existing timeframes for other certification and recertification matches at § 273.2(f) and will help prevent delays in eligibility determination.

While State agencies have 10 days to initiate action to resolve a match and report that action to the other State agency, they are encouraged to resolve matches as quickly as possible. State agencies are also encouraged to maintain contact with one another throughout the match resolution process to quickly resolve a match and keep the applicant informed of progress. After State agencies have determined the appropriate disposition on the case, they must also notify each other of the final resolution of the match. If there is no match indicated during a NAC query, then the State agency must continue with the eligibility determination process. The requirement for State agency communication addresses a key finding of the NAC pilot evaluation where pilot States identified examples of SNAP cases not being closed due to another State not communicating or taking timely action. Greater communication also ensures that State agencies are assisting the applicant in the event of the match by being required to issue notices to the client to verify information obtained through a NAC match as well as providing an opportunity to contest. Applicants are also aided through State-to-State communication as State agencies are required to communicate with one another within 10 days of a match and communicate case disposition to the other State to ensure the individual is receiving benefits in the State in which they are eligible.

If there has been no contact from the other State agency within the established timeframe, and all other eligibility and verification requirements are met, the State agency must continue processing the application and issue benefits to the applicant. A NAC data match shall not delay processing of the application and provision of benefits beyond the normal processing standards in §§ 273.2(g) and 273.14(d), or expedited service standards

in § 273.2(i), whichever applies to the applicant household. If a State agency is not notified of initial action from the other State agency indicated in the match within 10 days, then the application can continue to be processed. Delays in processing caused by a positive NAC match where household verification is otherwise incomplete shall be handled in accordance with § 273.2(h). However, delays in communication or action between State agencies regarding verification of information associated with a positive NAC match must not prevent the eligibility determination of an applicant, recertifying participant, or newly added household member per the added regulation at § 272.18(c)(3)(v).

The Act provides that an applicant's right to an eligibility determination is triggered by the filing of an application and not by State action. Section 11(e)(2)(B)(iv) of the Act requires that State agencies consider an application that contains the name, address, and signature of the applicant to be filed on the date the applicant submits the application. Additionally, Section 11(e)(2)(B)(i) requires timely, accurate, and fair service to applicants for, and participants in, SNAP. As a result, the Department expects State agencies to be responsive in resolving NAC data matches to ensure applications are processed timely, in accordance with the Act, and to assist households to resolve residency issues due to a NAC data match.

A State agency that is notified of a NAC match during the certification period is required to take initial action to resolve a match as well as issue a combined notice. The State agency is also encouraged to assist the individual with closing their case, when applicable. For example, if an individual indicated in the match contacts a State agency and verbally requests it to expedite the closure of their case, that State agency must take prompt action to do so and provide a letter confirming voluntary withdrawal to the address on file, or the new one as specified by the individual making the request, consistent with regulations at § 273.13(b)(12) to ensure the individual has proof of

closure so that they can apply for benefits in the new State. Per newly established regulations at § 272.18(b)(5), State agencies are required to maintain accurate and up to date daily uploads of NAC data elements regarding the status of individuals participating in SNAP to prevent the possibility of false positives and any delays in benefit issuance. This would include maintaining appropriate security and privacy standards per the NAC CMA and ISA. If the NAC system is not operational due to unforeseen circumstances, as will be outlined in the CMA and technical guidance, State agencies will continue the eligibility determination process without the initial NAC query. Any instances of duplicate participation will be discovered during the monthly bulk match once the system is again operational. For disaster situations, State agencies should follow their Disaster SNAP (D-SNAP) procedures for data entry and certification per FNS guidance.<sup>7</sup> This guidance explains that State agencies are required to screen for duplicate participation in disaster situations. State agencies must either check for duplicate participation utilizing the NAC in the State's D-SNAP system, or the State agency must accept applications and inform applicants that eligibility is contingent upon a subsequent check for duplicate participation. Any check for duplicate participation must be done using the NAC.

Section 11(e)(26) of the Act requires States to “pursue clarification and verification, if applicable, of information relating to the circumstances of the household” when that information is received from data matches related to prisoners, deceased individuals, and the NAC. The Department considers match information that is received from the NAC during the certification period to be unclear information. This is consistent with how information from other Federal systems such as the Prisoner Verification system and Deceased matching system, is treated by the Department. The procedures for pursuing clarification and verification of unclear information received from prisoner and deceased

---

<sup>7</sup> <https://www.fns.usda.gov/snap/dsnap/state-agencies-partners-resources>

individual data matches during the certification period are described in existing regulations at § 273.12(c)(3). Therefore, the Department is adding § 273.12(c)(3)(iv) to describe what actions a State agency must take when it receives unclear information during the certification period from a NAC match. Those actions are described below.

This interim final rule amends § 273.12(c)(3)(i) to add information received from NAC matches to the types of unclear information for which State agencies must pursue clarification and verification when received during a certification period. Unclear information is defined per § 273.12(c)(3) as information that is not verified or information that is verified but additional information is needed to act on the change.

The Department is adding § 272.18(c)(5) to describe procedures to be followed for matches containing unclear information related to a NAC match during the certification period and further describes those procedures in § 273.12(c)(3)(iv). These procedures are different from procedures related to information received from a NAC match at application, recertification, or for a newly added household member as further discussed earlier in this rule. These procedures for unclear information are different from existing procedure for Deceased Matching and Prisoner Match as the added regulations at § 273.12(c)(3)(iv) implements the requirement to initiate action to resolve the match and to communicate with the other State agency within 10 days of receipt of the match notification. Additionally, the added regulation § 273.12(c)(3)(iv)(A) implements the combined notice of match result and notice of adverse action.

To maintain consistency with timeframes established during application and recertification, the newly established regulations at § 272.18(c)(3)(i) establishes that State agencies will have 10 days from the time a match is received to initiate action to resolve a match and to notify the other State agency of that initiating action. State agencies must



also provide resolution of the match to the other State agency, similar to regulations at § 272.18(c)(3).

#### *NAC Data Match Notice Requirements*

This interim final rule requires that State agencies send a notice of match results to households that received a positive match at application, at recertification, or for a newly added household member if the information indicated in the match could lead to a denial of benefits or other adverse action on the case. The Department is adding this requirement for a notice of match results at § 272.18(c)(3)(iii)(A) to provide the individual with an opportunity to contest findings in a data match prior to adverse action or denial of benefits. The notice of match results must clearly explain what information is needed from the household, and that failing to respond within 10 days, could result in a denial of benefits or adverse action, as appropriate.

To aid the NAC resolution process for applicants, recertifying participants, and newly added household members and ensure they are receiving their benefits in a timely manner, this interim final rule clarifies that if State agencies have enough information to resolve the match, and there is no potential for adverse action, State agencies are not required to send a notice of match results. The Department is adding § 272.18(c)(3)(iii)(B) to clarify the NAC match resolution process for the individual if there is no potential of adverse action. For example, if a positive match is identified for an individual during the interview process and the individual can immediately verify the information from the match, and there is no potential of adverse action, no notice of match results is required. In situations like this, the State agency must provide a verbal notification of a match and must document that verbal notification in the case file before continuing with the eligibility determination process.

This interim final rule requires that State agencies send a combined notice of match results and notice of adverse action to households that received a positive NAC match during the certification period. The Department is adding this requirement for a combined notice for action on NAC matches at § 273.12(c)(3)(iv)(A) to streamline the notice process for State agencies, reduce the likelihood of duplicate participation and the need to establish claims, while still providing the household with an opportunity to contest per 5 U.S.C. 552a(p). To maintain compliance with the notice of adverse action requirements at § 273.13, the Department is also amending § 273.13(a)(2) to add language stating that a notice of match results and notice of adverse action may be combined to meet the requirements in § 273.12(c)(3)(iv). This change is consistent with similar allowances provided for Income Eligibility Verification System (IEVS) and Systematic Alien Verification for Entitlements (SAVE) computer matches at § 273.2(f).

The consequences for failing to respond to the combined notice depend on the reporting system to which the household has been assigned as explained at § 273.12(c)(3)(iii)(A) and (B). If the household is subject to change reporting and fails to respond to the combined notice, which clearly explains what information is needed from the household and the consequences of failing to respond, the State agency must terminate the case. If the household is assigned to any other reporting system besides change reporting and the household fails to respond sufficiently to the combined notice, then the State agency must remove the subject individual and the individual's income from the household and adjust the benefits accordingly.

### **III. Discussion of Limited Use of NAC, Use and Disclosure, Protecting Vulnerable Individuals, and Privacy Act Implications**

#### *Limited Use of NAC*

Section 11(x)(2)(C) of the Act explicitly limits the use of the NAC to preventing duplicate participation--it may be not used for other Federal, State, or local programs or other purposes. In compliance with both this requirement and Section 11(x)(3)(D) of the Act, which requires the establishment of safeguards for information submitted to or retained by the NAC, the NAC will not retain SNAP applicant or participant information longer than needed to accomplish the purpose of preventing duplicate participation. To comply with this requirement, only NAC data matching elements on active participant information will be uploaded to the system once each working day. This information will not be stored in the NAC. Upon match, only the match record is stored in the system. Additionally, the NAC data elements will be submitted using the secure procedures established by FNS. Once an individual is no longer an active SNAP participant, that individual's information will no longer be included in the daily upload, and their information can no longer be matched against. The Department is codifying these procedures to safeguard information submitted or retained to the NAC at § 272.18(b)(5).

#### *Use and Disclosure*

Current disclosure requirements at Section 11(e)(8)(A) of the Act, and regulations at § 272.1(c) permit the disclosure of SNAP applicant or participant information to persons directly administering assistance programs. Section 11(x)(2)(B) and (C) of the Act only allow the Department to require State agencies to submit to the NAC information needed to prevent interstate duplicate participation and prohibits the use of information from the NAC beyond preventing interstate duplicate participation. This restricts the use and disclosure of information from the NAC beyond the disclosure requirements in current regulations at § 272.1(c). The Department acknowledges the blanket authorities for data sharing provided by other Federal laws; however, sharing of NAC data beyond its original intent is currently prohibited by Section 11(x)(2)(C) of the Act. Congressional

action to amend the Act would be required to allow data sharing beyond the purpose of preventing duplicate participation in SNAP.

Accordingly, the Department is adding § 272.1(c)(4) through this interim final rule to limit the disclosure of NAC data “to only persons directly connected with the administration or enforcement of the provisions of the Food and Nutrition Act of 2008 or regulations.” The regulation also requires that NAC data may only be used for the purpose of preventing multiple issuances of SNAP benefits.

### *Protecting Vulnerable Individuals*

Section 11(x)(2)(C)(iv) of the Act requires that information made available to the NAC be used in a manner that protects the identity and location of SNAP applicants and participants who are vulnerable individuals. Also, Section 3(m)(5)(C) of the Act and existing regulations at § 273.3(a) exempt certain residents of shelters for battered women and children from the requirement that SNAP participants not participate as a member of more than one household or in more than one project area, in any month. Effectively, duplicate participation is permitted temporarily among this vulnerable portion of SNAP participants. Consistent with these existing requirements and reflecting the Congressional mandate in the Act to protect such individuals, a process to protect the identity and whereabouts of vulnerable individuals will be established in the NAC system, including location protection of individuals in verbal and written communication with any household associated with a vulnerable individual match. Therefore, the Department is adding § 272.18(c)(9) which establishes a definition for vulnerable individuals specific to the NAC. This definition covers those who would be endangered by the dissemination of their information, including but not limited to, residents of shelters for battered women and children as defined in § 272.1, residents of domestic violence shelters, or a person who self-identifies as fleeing domestic violence at any point

during application, recertification, during the certification period, or when there is a newly added household member, regardless of the individual's age or gender.

Additionally, current regulations at § 273.11(g) require the State agency to take prompt action to ensure the former household's eligibility or allotment reflects the change in the household's composition by issuing a notice of adverse action in accordance with § 273.13. However, any communication with a household as a result of a NAC match, whether written via a notice or verbal, cannot contain the location of the individual indicated in the match per the newly added § 272.18(c)(3)(iii). To ensure consistency across notices, the new regulations at § 272.18(c)(9) also describes that when a vulnerable individual is indicated in a positive match, State agencies must take steps to ensure that any information resulting from a NAC match, including identity and location, is protected during verification and resolution. The State's determination of the individual's status as a vulnerable individual could come from information reported by the household on its application or voluntarily disclosed during its interview, or from knowledge of the individual's residence at a domestic violence shelter or shelter for battered women and children; however, the Department does not require or expect the State agency to solicit this information as a part of the certification process. Furthermore, the Department expects State agencies to include processes for protecting vulnerable individuals and ensure all applicable staff, including front line eligibility workers, call center operators, fraud investigators, and claims staff—receive hands-on training using real-world examples of how to protect vulnerable individuals.

### *Privacy Act Implications*

The Privacy Act of 1974 (Privacy Act), as amended by the Computer Matching and Privacy Protection Act of 1988 and the Computer Matching and Privacy Protection Amendments of 1990, set the requirements for matching programs at 5 U.S.C. 552a(o). As a Federal system of records being used in a matching program, the NAC is subject to

these requirements. The Department will ensure all requirements of the Privacy Act, Federal Information Security Management Act of 2002 (FISMA), and National Institute of Standards and Technology (NIST) are met within the system development process, including the development of all documentation required for approval of the matching program by the Department's Data Integrity Board. Documentation will include a System of Records Notice (SORN), a Computer Matching Agreement (CMA), and multiple system-specific documents that provide details about system design and data security and privacy protocols. Agencies participating in a matching program are required to enter into a written agreement, referred to here as a CMA. This interim final rule includes this requirement in § 272.18(a)(3).

#### **IV. Procedural Matters**

##### **Executive Order 12866 and 13563**

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility.

This interim final rule has been determined to be economically significant and has been reviewed by the Office of Management and Budget (OMB) in conformance with Executive Order 12866.

##### **Regulatory Impact Analysis**

As required by Executive Order 12866, a Regulatory Impact Analysis (RIA) was developed for this interim final rule. It follows this rule as an appendix. The following summarizes the conclusions of the regulatory impact analysis:

The Department estimates the net reduction in Federal SNAP spending associated with the interim final rule to be nearly \$463 million over the five years 2022-2026. This reduction in spending represents a decrease in Federal transfers (SNAP benefit payments) of approximately \$498 million over five years due to prevention of duplicate participation, partially offset by increases in Federal systems costs related to implementing, operating, and maintaining the system (\$18.3 million) and in the Federal share of State administrative costs (nearly \$16 million). In addition, the Department estimates an increase in the State share of administrative costs (nearly \$16 million over five years) for start-up costs and costs associated with submitting data and following up on matches. This rule will also increase administrative burden on SNAP households by nearly \$1.2 million over five years. Households identified as potential duplicate participants through NAC matches will need to provide verification and respond to notices and requests for information from State Agencies.

### **Regulatory Flexibility Act**

The Regulatory Flexibility Act (5 U.S.C. 601–612) requires Agencies to analyze the impact of rulemaking on small entities and consider alternatives that would minimize any significant impacts on a substantial number of small entities. Pursuant to that review, the Secretary certifies that this rule will not have a significant impact on a substantial number of small entities. This interim final rule will not have an impact on small entities because the rule primarily impacts SNAP State agencies. As part of the requirements, State agencies will have to develop procedures for submitting data and following up on matches when they occur. Small entities, such as smaller retailers, will not be subject to any new requirements.

### **Congressional Review Act**

Pursuant to the Congressional Review Act (5 U.S.C. 801 et seq.), the Office of Management and Budget Office of Information and Regulatory Affairs has designated this as a major rule, as defined by 5 U.S.C. 804(2).

### **Unfunded Mandate Reform Act**

Title II of the Unfunded Mandate Reform Act of 1995 (UMRA) established requirements for Federal agencies to assess the effects of their regulatory actions on State, local and tribal governments, and the private sector. Under Section 202 of UMRA, the Department generally must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with “Federal mandates” that may result in expenditures to State, local, or tribal governments in the aggregate, or to the private sector, of \$100 million or more in any one year. When such a statement is needed for a rule, Section 205 of UMRA generally requires the Department to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective or least burdensome alternative that achieves the objectives of the rule.

This interim final rule contains no Federal mandates (under the regulatory provisions of Title II of UMRA) for State, local and tribal governments, or the private sector, of \$100 million or more in any one year. Therefore, this rule is not subject to the requirements of Sections 202 and 205 of UMRA.

### **Executive Order 12372**

SNAP is listed in the Catalog of Federal Domestic Assistance under No. 10.551. For the reasons set forth in the Federal Register notice, published June 24, 1983 (48 FR 29115), this program is excluded from the scope of Executive Order 12372, which requires intergovernmental consultation with State and local officials.

### **Federalism Summary Impact Statement**



Executive Order 13132 requires Federal agencies to consider the impact of their regulatory actions on State and local governments. Where such actions have federalism implications, agencies are directed to provide a statement for inclusion in the preamble to the regulations describing the agency's considerations in terms of the three categories called for under Section (6)(b)(2)(B) of Executive Order 13132.

The Department has considered the impact of the NAC and determined that this rule has federalism impacts. However, this rule is required by statute, so under Section (6)(b) of the Executive order, a federalism summary is not required. The Department requests comments from State and local officials as to the need for the NAC and any alternatives to the regulations proposed.

#### **Executive Order 12988, Civil Justice Reform**

This interim final rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is intended to have preemptive effect with respect to any State or local laws, regulations, or policies which conflict with its provisions or which would otherwise impede its full and timely implementation. This rule is not intended to have retroactive effect unless so specified in the **DATES** section of the final rule. Prior to any judicial challenge to the provisions of the final rule, all applicable administrative procedures must be exhausted.

#### **Civil Rights Impact Analysis**

FNS has reviewed the interim final rule, in accordance with Department Regulation 4300-004, Civil Rights Impact Analysis, to identify and address any major civil rights impacts the rule might have on minorities, women, and persons with disabilities. A comprehensive Civil Rights Impact Analysis (CRIA) was conducted on the interim final rule, including an analysis of participant data and provisions contained in the interim final rule. The CRIA outlines outreach, mitigation, and monitoring strategies to lessen any

possible civil rights impacts. The CRIA concludes by stating FNS believes that the promulgation of this interim final rule will impact State Agencies and the way they process applications for SNAP benefits. Additionally, the rule may impact SNAP applicants and participants if identified by the NAC for duplicate participation. However, FNS finds that the implementation of the outreach, mitigation, and monitoring strategies may lessen these impacts. Outreach initiatives will include making the publication of the interim final rule available in alternative formats, including 508 compliant and in other language for persons with limited English proficiency, upon request. Additionally, the Department will work with the Office of Tribal Relations to ensure meaningful consultation is provided. To lessen any possible impact of the interim final rule, the program will implement a phased approach over a period of 5 years from the date of publication. If deemed necessary, FNS will propose further mitigation and outreach strategies to alleviate impacts that may result from the implementation of the final rule.

### **Executive Order 13175**

Executive Order 13175 requires Federal agencies to consult and coordinate with Tribes on a government-to-government basis on policies that have Tribal implications, including regulations, legislative comments, or proposed legislation. Additionally, other policy statements or actions that have substantial direct effects on one or more Indian Tribes, the relationship between the Federal Government and Indian Tribes, or on the distribution of power and responsibilities between the Federal Government and Indian Tribes also require consultation.

This regulation does not appear to have significant tribal implications, so consultation is not required. Additionally, FNS discussed this rule at a listening session on February 12, 2020, and no issues with the rule were identified. No tribes have requested consultation

to this point, but if consultation is requested, the USDA Office of Tribal Relations (OTR) will work with FNS to ensure quality consultation is provided.

### **Paperwork Reduction Act**

The Paperwork Reduction Act of 1995 (44 U.S.C. Chap. 35; 5 CFR part 1320) requires the Office of Management and Budget (OMB) to approve all collections of information by a Federal agency before they can be implemented. Respondents are not required to respond to any collection of information unless it displays a current valid OMB control number.

In accordance with the Paperwork Reduction Act of 1995, this interim final rule contains information collections that are subject to review and approval by the Office of Management and Budget; therefore, FNS is requesting a new OMB Control Number 0584–NEW. Upon approval, FNS intends to merge a portion of these burden estimates into OMB Control Number: 0584-0064, Expiration Date: 2/29/2024. These burden estimates are contingent upon OMB approval under the Paperwork Reduction Act of 1995. When the final rulemaking information collection request is approved, the Department FNS will publish a separate notice in the Federal Register announcing OMB’s approval.

Comments on this interim final rule must be received by [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Send comments to Office of Information and Regulatory Affairs, OMB, Attention: Desk Officer for FNS, Washington, DC 20403, Fax: 202-395-7285, or email to [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov). Please also send a copy of your comments to Evan Sieradzki at the Food and Nutrition Service, U.S. Department of Agriculture, 1320 Braddock Place, 5<sup>th</sup> floor, Alexandria, VA 22314. For further information please contact the State Administration Branch Chief, Maribelle Balbes, at the above address.

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

All responses to this notification will be summarized and included in the request for OMB approval. All comments will also become a matter of public record.

*Title:* Supplemental Nutrition Assistance Program: Requirement for Interstate Data Matching to Prevent Multiple Issuances

*OMB Control Number:* 0584-NEW

*Expiration Date:* Not yet determined

*Type of Request:* NEW

*Abstract:* The Agriculture Improvement Act of 2018 requires the Secretary of Agriculture to establish an interstate data system called the National Accuracy Clearinghouse (NAC) to prevent multiple issuances of Supplemental Nutrition Assistance Program (SNAP) benefits to an individual by more than one State agency simultaneously in the same month (also known as interstate duplicate participation). FNS is requesting a new OMB Control Number for the requirements in this interim final rule. The majority of the burden requirements established in this rule are consistent with estimates currently approved under OMB Control Number 0584-0064; Expiration Date: 2/29/2024. This rule will modify current regulations resulting in an increase in the reporting burden for State

agencies and Individuals/Households. Upon approval of the new OMB control number the Department will merge the change in burden hours associated with this rule with OMB Control Number 0584-0064. Any new requirements not consistent with currently approved activities under OMB Control Number 0584-0064 are denoted as such. This interim final rule incorporates best practices and lessons learned from the NAC pilot. The NAC pilot is a shared data clearinghouse that allows States to check whether a SNAP applicant is receiving SNAP benefits in another pilot State in real or near-real time. Five States participate in the NAC pilot: Alabama, Florida, Georgia, Louisiana, and Mississippi. The NAC pilot program began exploring the prevalence of duplicate participation and the feasibility of a system to prevent it in July 2013. NAC pilot data matching operations began in June 2014 and continue today in Alabama, Florida, Georgia, and Mississippi.

In the NAC pilot, the State agencies of Alabama, Florida, Georgia, Louisiana, and Mississippi each submit a file daily of its entire SNAP caseload, which is integrated into a list of all SNAP participants receiving benefits in the participating States. State agencies query the system when they receive SNAP applications or add new members to a household. State agencies then check the new individuals against the NAC pilot's list of active SNAP participants in other States. If an applicant is identified as receiving benefits in another NAC pilot State, that State is contacted by the matching State agency responsible for administering SNAP benefits to close the individual's case. Once the applicant's out-of-State case is closed, the State receiving the application can move forward with the certification process. If the applicant is checked against the NAC pilot's list of active SNAP participants in other States and the applicant is not identified as receiving SNAP benefits elsewhere, then the State proceeds with the certification process.

In addition to screening applicants, the NAC pilot also notifies State agencies when an active member of its caseload is simultaneously active in another State. Upon receiving this information, NAC pilot States issue a Request for Contact to the individual's household, informing the household of the match and requesting proof of residency and proof of closure of the out-of-state case identified by the match. Regulations at § 273.12(c)(9) describe how State agencies must respond to information like a NAC pilot data match received during the certification period. The existing regulations prevent States from acting on NAC data matches before their next scheduled contact with the household, so States participating in the NAC pilot operate under an administrative waiver (§ 272.3(c); 17(b)(1) of the Food and Nutrition Act of 2008). The waiver allows the State to issue a Request for Contact to the household upon receiving a pilot NAC data match regarding an active member of its caseload. In lieu of a Request for Contact, the interim final rule will instead use a notice of match results or, if there is no possibility of adverse action, verbally request verification of information in the State with the new household, recertifying household, or when there is a newly added household member, and note that communication in the casefile; the notice of match results will serve the same purpose as a Request for Contact. If an individual is indicated in a positive match during the certification period, the State agency will instead issue a combined notice of match results and notice of adverse action. Each of these activities serve similar purposes and only vary depending on when the match is discovered. For example, a combined notice of match results and notice of adverse action could not be issued to an individual during the application or recertifying process, because there is not yet an active case for the State to take adverse action upon. Therefore, when a notice is sent for a match discovered during application, recertification, or for a newly added household member the activity will be known as notice of match results. When a notice is sent for a match

discovered during the certification period, the activity will be known as a combined notice of match results and notice of adverse action.

This interim final rule requires SNAP State agencies to provide information to the NAC regarding individuals or households receiving SNAP benefits in their States at § 272.18(b)(1) and to screen all Individuals/Households known as SNAP Program applicants using Social Security numbers, date of birth, and name at § 272.18(b)(3), to ensure they are not already receiving benefits in another State. Per § 272.18(b)(4) State agencies are also required to submit to the NAC participant ID, and indicate if the individual is considered a vulnerable individual using the vulnerable individual flag if the State becomes aware of the status during the certification process and the information is available in the State's SNAP eligibility system. Under §§ 272.18(c)(3) and (c)(5), 273.13(a), 273.2(f)(1) and (2), and 273.12(c)(3)(iv) State agencies are required to take appropriate action with respect to each indication from the NAC that an individual is receiving SNAP benefits from more than one State agency simultaneously. This appropriate action includes either a notice of match results or, verbal indication (if there is no possibility of adverse action), or a combined notice of match results and notice of adverse action to verify information after a match, as appropriate. Following OMB approval of this NEW information collection under the Paperwork Reduction Act, the burden hours described below will be merged with the existing OMB control number 0584-0064, expiration date 2/29/2024. While the agency anticipates roughly 32 State agency respondents to be covered in this collection due to the phased approach for system operation, we are requesting 53 total respondents to cover full implementation.

*First Year (One-Time Burden)*

*State Agencies*

The one-time burden for this interim final rule includes an increase of 208,555 hours and 10,706 responses for State agency activities associated with set up, training, and computer matching agreements for the 53 State agencies participating in the NAC. Under § 272.18(b)(1), 53 State agencies must set -up a new system to report their caseloads to the NAC. FNS estimates this will produce approximately 1 response per State agency for a total of 53 responses total. FNS also estimates it will take each State agency approximately 1,920 hours for a total of 101,760 annual burden hours. This program change reflects new one-time burden of 1,920 hours for each State Agency to reflect the time associated with the set-up of a new system. This burden is informed by the evaluation report of the NAC pilot outlining State start up time and costs. The Department assumes the set-up of a new system will require four full-time staff for approximately twelve weeks. Depending on system design, set-up can include arranging an automated daily export of active participants to send to the NAC and updating software that manages workflows for certification, recertification, as well as the addition of new household members to query the NAC before certifying benefits.

Under § 272.18(b)(1), approximately 200 eligibility workers from each of the 53 State agencies that participate in the NAC will receive one time training on how to properly incorporate the system into existing certification and recertification processes. FNS estimates this will produce approximately 200 workers per State agency for a total of 10,600 workers. FNS also estimates it will take each State agency approximately 10 hours to train an eligibility worker for a total of 106,600 new one-time burden hours. This includes general training on business practices for the NAC as well as the NAC system, testing and troubleshooting, and authentication for eligibility workers to access the system.



Under § 272.12(b), 53 State agencies will enter into a State agency computer matching agreement with FNS in order to participate in the NAC. FNS estimates this will produce approximately 1 response per State agency for a total of 53 responses. FNS estimates it will take approximately 15 hours for each State agency to review, complete any necessary draft changes, and submit a computer matching agreement to FNS for a total of 795 burden hours. The total combined new one-time burden hours for State agencies is 208,555 hours.

### *Ongoing Burden*

Following approval of OMB control 0584-NEW, burden in the State Agencies and Individual/Households sections below will be merged with OMB Control Number 0584-0064. Burden that will remain with OMB control number 0584-NEW will be denoted as such.

### *State Agencies*

The establishment of the NAC includes State agencies uploading their SNAP caseload data to the NAC. Under § 272.18(b)(1) and (2) and (c)(4), 53 out of 53 State agencies will submit their SNAP caseloads to the NAC once per working day. Due to the establishment of this system, State agencies have never uploaded their caseload to the NAC. As there are approximately 261 working days in a year, FNS estimates 261 annual responses per State agencies for estimated 13,833 total annual responses. The upload of this information is to ensure that State agencies can check their caseloads against the caseloads of other State agencies in real or close to real time. FNS estimates 1 hours for each State agency to reflect the time associated with uploading their caseloads to the NAC for the first time. This represents an additional annual burden of 13,833 hours for State agencies collectively. This burden will be recorded under OMB control number 0584-NEW.

Upon implementation of the NAC, State agencies will be required to query individual case files of those who are applying, recertifying, or are a newly added household member against the NAC. Under § 272.18(c)(2), all 53 State agencies will query applicants against the NAC. FNS estimates approximately 340,435.55 total annual responses per State agency will be screened for a total of 18,043,084.00 estimated total annual responses. It will take approximately 0.0167 hours (1 minute per State agency) for a total annual burden estimate of 300,718.07 ongoing burden hours. This burden will remain under OMB control number 0584-NEW.

Under §§ 272.18(c)(3) and (5), 273.12(c)(3)(iv), and 273.2(f)(1) and (2), 53 State agencies will be required to verify information following a positive NAC match. FNS estimates this will produce approximately 4,611.57 responses per State agency for a total annual number of 244,413.10 NAC matches for State agencies to communicate and initiate action upon. This estimate is based on the NAC pilot evaluation estimates of 1.355% of initial applications for that year resulting in a positive match. FNS also estimates it will take each State agency approximately 0.1002 hours (6 minutes per State agency) for a total of 24,490.19 on-going annual burden hours. While State agencies that rely primarily on manual processes may result in a greater burden, this estimate is informed by the fact that the Department is strongly recommending the use of automated processes, including automated emails to resolve actions among States, as a lesson learned from the NAC pilot evaluation. Verification of information includes the use of documentation or contact with applicant or other State agency to confirm the accuracy of statements or additional information as needed. It can also include communicating action to resolve a match, final resolution, and additional communication with the household as needed. The previously approved burden for this activity is 29,302 burden hours approved under OMB control number 0584-0064 expiration 2/29/2024. This program change reflects an increase of 24,490.19 hours to reflect the time associated with

verification of information and communication between State agencies and individuals/households. While this is an increase in burden for State agencies, the Department believes that there were components of the manual process for the monitoring of duplicate participation that was not fully accounted for in previous estimates. This increase in burden is a combination of more accurate estimation and increased burden. While components of this interim final rule, such as the daily upload of active SNAP participants, does require more effort on the part of State agencies, it is also reducing the previously manual process of checking for duplicate participation and reallocating the burden from households to State agencies to follow up on matches and resolve instances of duplicate participation.

Under § 272.18(c)(3)(iii), 53 State agencies will be required to issue a notice of match results to an individual/household following a positive NAC match on an applicant, recertifying individual, or a newly added household member. These estimates are based on data outlined in the NAC Pilot Evaluation. FNS estimates that a notice of match results-will produce approximately 7,731 responses per State agency for a total annual number of 409,709.52 notice of match results. FNS also estimates it will take each State agency approximately .0501 hours (3 minutes per State agency) for a total of 20,526.45 ongoing annual burden hours. The previously approved burden for this activity is 24,015.13 burden hours approved under OMB 0584-0064 expiration 2/29/2024. This program change reflects an increase of 20,526.45 hours to reflect the time associated with issuing a Notice of Match Results.

Under §§ 272.18(c)(5), 273.12(c)(3)(iv)(A), and 273.13(a)(2), 53 State agencies will be notified of a positive match for an individual during the certification period and will be required to issue a combined notice of match results and notice of adverse action. All 53 State agencies will be required to issue this combined notice for a match on an individual

during the certification period prior to a change in SNAP benefit allotment to a participant as a result of a match found through the NAC. These estimates are based on data outlined in the NAC Pilot Evaluation. FNS estimates this will produce approximately 7,730.37 responses per State agency for a total annual number of 409,709.52 combined notice of match results and notice of adverse action. FNS also estimates it will take each State agency approximately .0501 hours (3 minutes per State agency) for a total of 20,526.45 ongoing annual burden hours to send this notice. The previously approved burden for this activity is 72,773.21 burden hours approved under OMB control number 0584-0064 expiration 2/29/2024. This program change reflects an increase of 20,526.45 hours to reflect the time associated with issuing a notice of adverse action.

#### *Individuals/Households Burden*

Under §§ 272.18(c)(3) and (5), 273.12(c)(3)(iv), and 273.2(f)(1) and (2) approximately 244,413.1 Individuals/Households will aid in verification of information following a positive NAC match. FNS estimates this will produce approximately 1 response per individual/household for an annual total of 244,413.1 responses. FNS also estimates it will take each Individual/Household approximately .0668 hours (4 minutes) for a total of 16,326.79 ongoing annual burden hours. This is based on the assumption from the NAC pilot that the Individual/Household assistance in verification occurred within existing State business processes, such as the interview, and did not require an entirely new process. The previously approved burden for this activity is 34,289.58 burden hours approved under OMB control number 0584-0064 expiration 2/29/2024. This program change reflects an increase of 16,326.79 burden hours for this activity.

Under § 272.18(c)(3)(ii), 409,709.52 Individuals/Households will be required to respond to a notice of match results issued by the State agency following a positive NAC match.

FNS estimates this will produce approximately 1 response per household for a total of 409,710 responses annually. FNS also estimates it will take each Individual/Household approximately .0835 hours (5 minutes) for a total of 34,210.75 ongoing annual burden hours. The previously approved burden for this activity is 32,020.16 burden hours approved under OMB control number 0584-0064 expiration 2/29/2024. This program change reflects an increase of 34,210.75 burden hours for this activity.

Under §§ 272.18(c)(5), 273.12(c)(3)(iv)(A), and 273.13(a)(2), 409,709.52

Individuals/Households will be required to respond to a combined notice of match results and notice of adverse action following a positive NAC match on an active participant.

FNS estimates this will produce approximately 1 response per household for a total of 409,70 responses annually. FNS also estimates it will take each Individual/Household approximately .0853 hours (5 minutes) for a total of 34,210.75 ongoing annual burden hours. The previously approved burden for this activity is 97,030.92 burden hours approved under OMB control number 0584-0064 expiration 2/29/2024. This program change reflects an increase of 34,210.75 burden hours for this activity.

### *Reporting*

*Affected public:* State, Local or Tribal agencies, Individuals/Households.

*Estimated Number of Respondents:* 53 State Agencies, 5 State agencies, 1,000 eligibility workers for NAC pilot training, 10,600 eligibility workers for NAC training, and 1,148,087.62 individuals/households

*Regulation Section:* 7 CFR 272.18, 273.13

*Estimated Total annual responses:* Ongoing 20,205,993.28

*Estimated Total Annual Burden Hours:* Ongoing 881,952.44

*Estimated Number of Responses per Respondent:* 17.43

	Regulation	Burden Activity	Estimated Number of Respondents	Estimated Responses per Respondent	Estimated Total Annual Responses	Estimated Hours per Response	Estimated Total Annual Hours	Hourly Cost to Respondent	Estimated Cost to Respondent	Fringe Benefits (X 0.33)	With Fully Loaded Wages	PRA Violation Current Burden in Use without OMB Control Number	Previously Approved under 0584-0064	Difference Due to Program Changes	Difference Due to Adjustment
REPORTING															
State Agency Burden															
Startup	272.18(b)(1)	Set-up for system to report caseload to NAC	53.00	1.00	53.00	1,920.00	101,760.00	\$ 11.33	\$ 1,152,940.80	\$ 380,470.46	\$ 1,533,411.26	-	-	101,760.00	-
	272.18(b)(1)	Training Eligibility workers across 53 States to use NAC System	10,600.00	1.00	10,600.00	10.00	106,000.00	\$ 11.33	\$ 1,200,980.00	\$ 396,323.40	\$ 1,597,303.40	-	-	106,000.00	-
	272.12(b)	State Agency matching system agreements	53.00	1.00	53.00	15.00	795.00	\$ 11.33	\$ 9,007.35	\$ 2,972.43	\$ 11,979.78	-	-	795.00	-
Startup Subtotal			10,653.00	1.00	10,706.00	19.48	208,555.00	\$ 11.33	\$ 2,362,928.15	\$ 779,766.29	\$ 3,142,694.44				
Ongoing	272.18(b)(1), 272.18(b)(4), 272.18(c)(3)	NAC – Data Upload	53.00	261.00	13,833.00	1.00	13,833.00	\$ 11.33	\$ 156,727.89	\$ 51,720.20	\$ 208,448.09	-		13,833.00	-
	272.18(c)(2)	NAC -- NAC Query	53.00	340,435.55	18,043,084.00	0.0167	300,718.07	\$ 11.33	\$ 3,407,135.70	\$ 1,124,354.78	\$ 4,531,490.47	-		300,718.07	-
	272.18(c)(3), 273.2(f)(1)(2), 272.18(c)(5), 273.12(c)(3)(iv)	NAC -- Verification of questionable/unclear information following a positive NAC match	53.00	4,611.57	244,413.10	0.1002	24,490.19	\$ 11.33	\$ 277,473.88	\$ 91,566.38	\$ 369,040.26	-	29,302.00	24,490.19	-
	272.18(c)(3)(iii)	NAC – Notice of Match Results	53.00	7,730.37	409,709.52	0.0501	20,526.45	\$ 11.33	\$ 232,564.65	\$ 76,746.33	\$ 309,310.98	-	24,015.13	20,526.45	-
	272.18(c)(5), 273.12(c)(3)(iv)(A), 273.13(a)(2)	NAC - Combined Notice of Match Results and Notice of Adverse Action	53.00	7,730.37	409,709.52	0.0501	20,526.45	\$ 11.33	\$ 232,564.65	\$ 76,746.33	\$ 309,310.98	-	72,773.21	20,526.45	-

Ongoing Subtotal			53.00	360,768.85	19,120,749.14	0.0199	380,094.15	\$11.33	\$4,306,466.75	\$1,421,134.03	\$5,727,600.78				
State Agency Grand Total			53.00	360,970.85	19,131,455.14	0.0308	588,649.15	\$11.33	\$6,669,394.90	\$2,200,900.32	\$8,870,295.22				
Household burden															
Ongoing	272.18(c)(3), 273.2(f)(1)(2), 272.18(c)(5),273.12(c)(3)(iv)	Verification of questionable/unclear information following positive NAC match	244,413.10	1.00	244,413.10	0.0668	16,326.79	\$7.25	\$118,369.26	\$39,061.86	\$157,431.12		34,289.58	16,326.79	-
	272.18(c)(5), 273.12(c)(3)(iii)	NAC – Notice of Match Results	409,709.52	1.00	409,709.52	0.0835	34,210.75	\$7.25	\$248,027.90	\$81,849.21	\$329,877.11		32,020.16	34,210.75	-
	272.18(c)(5), 273.13(a)	NAC - Combined Notice of Match Results and Notice of Adverse Action	409,709.52	1.00	409,709.52	0.0835	34,210.75	\$7.25	\$248,027.90	\$81,849.21	\$329,877.11		97,030.92	34,210.75	-
Household Ongoing Subtotal			1,063,832.14	1.00	1,063,832.14	0.0797	84,748.29	\$7.25	\$614,425.07	\$202,760.27	\$817,185.34				
Reporting Grand Total			1,074,485.14	18.81	20,205,993.28	0.04364806	881,952.44		\$9,646,748.12	\$3,183,426.88	\$12,830,175.00	-	289,431.00	673,397.44	-

## **E-Government Act Compliance**

The Department is committed to complying with the E-Government Act, 2002 to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to government information and services, and for other purposes. A Privacy Impact Assessment was completed by the FNS program office and privacy and information security teams concurrent with systems Authorization to Operate collaboration.

### **List of Subjects**

#### 7 CFR Part 272

Civil rights, Grant programs-social programs, Reporting and recordkeeping requirements, Supplemental Nutrition Assistance Program.

#### 7 CFR Part 273

Administrative practice and procedure, Grant programs-social programs, Reporting and recordkeeping requirements, Supplemental Nutrition Assistance Program.

For the reasons set out in the preamble, 7 CFR parts 272 and 273 are amended as follows:

### **PART 272 - REQUIREMENTS FOR PARTICIPATING STATE AGENCIES**

1. The authority citation for 7 CFR part 272 continues to read as follows:

**Authority:** 7 U.S.C. 2011-2036.

2. In § 272.1, add paragraph (c)(4) to read as follows:

#### **§ 272.1 General terms and conditions.**

\* \* \* \* \*

(c) \* \* \*

(4) Disclosure of information obtained from the National Accuracy Clearinghouse (NAC), as described in § 272.18, shall be restricted to persons directly connected with the



administration or enforcement of the provisions of the Food and Nutrition Act of 2008, as amended, or SNAP regulations in this subchapter. Information obtained from the NAC may only be used for the purpose of preventing multiple issuances of SNAP benefits to an individual by more than one State agency in a given month. Recipients of information from the NAC must adequately protect the information against disclosure to unauthorized persons and use for purposes not specified in this paragraph (c)(4).

\* \* \* \* \*

3. Add § 272.18 to read as follows:

**§ 272.18 National Accuracy Clearinghouse.**

(a) General. (1) FNS shall establish an interstate data system, known as the National Accuracy Clearinghouse (NAC) to prevent individuals from receiving SNAP benefits in more than one State in a given month and shall institute processes and procedures for interacting with the system to prevent duplicate participation and assist households with disenrollment.

(2) Each State agency that administers SNAP shall participate in the NAC data matching system. State agencies shall take action on matches from the NAC to ensure participants are only receiving benefits in the State in which they reside and are otherwise eligible to receive them. State agencies are encouraged to integrate and automate NAC processes into SNAP eligibility systems and existing workflows to the fullest extent possible.

(3) Each participating State agency shall enter into a written computer matching agreement with FNS consistent with the requirements for matching programs in the Privacy Act of 1974, as amended by the Computer Matching and Privacy Protection Act of 1988 and the Computer Matching and Privacy Protection Amendments of 1990 (5 U.S.C. 552a(o)), prior to participating in the NAC.

(b) States' reporting requirements. (1) State agencies shall provide information for each active SNAP participant to the NAC according to procedures and formats established by FNS. For the purposes of the NAC, an active SNAP participant is defined as an individual who is approved to receive benefits for the benefit month in which the State agency is uploading the data. State agencies shall establish procedures to ensure the information provided is accurate and only includes active participants.

(2) Information provided to the NAC will be used for matching by other State agencies also matching with the NAC. Each State agency shall provide, once per working day in accordance with FNS procedures, the NAC data matching elements and other information as noted in paragraphs (b)(3) and (4) of this section for each active SNAP household member.

(3) For each individual, State agencies must report the following identifying information, referred to as NAC data matching elements, to the NAC: name, Social Security number, and date of birth. State agencies must transmit the NAC data matching elements to the system per the process specified by FNS. The NAC data matching elements are used by the NAC to determine the existence of positive matches.

(4) State agencies shall also report the following information: participant ID and, when applicable, a vulnerable individual flag. All information shall be reported in accordance with procedures provided by FNS. State agencies must comply with 7 CFR 273.6 in instances where a Social Security number is not available.

(i) A vulnerable individual flag is used to identify when precautions must be taken to protect the individual's information in the event of a match. A vulnerable individual can self-identify during the application or recertification process. State agencies also have the discretion to determine whether an individual meets the vulnerable individual definition in paragraph (a)(9) of this section if the individual does not self-identify.

(ii) A participant ID is the State agency's unique identifier for a participant or applicant.

(5) State agencies shall maintain the security, privacy, and accuracy of information submitted to the NAC, including ensuring that information provided to the NAC follows the standards and procedures provided by FNS and only includes active SNAP participants.

(c) Use of match data. (1) NAC queries are conducted by the State agency by submitting the NAC data matching elements described in paragraph (b)(3) of this section for an individual, per the process specified by FNS. The system will compare the query against the daily upload of active SNAP participants provided to the NAC by the State agencies to determine if an individual is currently receiving SNAP benefits in another State. The NAC will indicate a positive match when the NAC data matching elements submitted for comparison are the same as those in one or more records in the NAC.

(2) Prior to conducting a NAC query at application, recertification, or the addition of a household member, the State agency shall follow verification procedures described in 7 CFR 273.2(f)(1)(v) for Social Security numbers, (f)(1)(vi) for residency, and (f)(1)(vii) for identity. After following these verification procedures, State agencies shall conduct a NAC query on the individual applying, recertifying, or being added to a household.

(3) When a State agency receives a positive match from a NAC query at application, recertification, or when adding a household member:

(i) The State agency shall have 10 days from the date the match is received to initiate action to resolve the match as described in paragraph (c)(3)(ii) of this section and notify the other State agency of the initiated action.

(ii) The State agency must resolve the match to determine the appropriate actions to take on the case. To resolve a match, State agencies may use information known to the

State agency, must verify any questionable information in accordance with 7 CFR 273.2(f)(2), and must notify the individual of the match. States may not take any action to deny, terminate, suspend, or reduce SNAP benefits based on information received from the NAC until the information has been verified by the State agency and the individual has been provided notice of the match and an opportunity to respond to the notice, in accordance with § 272.12(c)(1).

(iii) Any communication or notice resulting from a NAC match must not include the location of the individual(s) identified in the match to protect vulnerable individuals.

(A) If the State agency needs more information to resolve the match or if the information it has could lead to a denial of benefits or other adverse action on the case, the State agency shall provide a written notice of match results that clearly explains what information is needed from the household and the consequences of failing to respond within the timeline provided in the notice. The notice must comply with this paragraph (c)(3)(iii) and § 272.4(b) bilingual requirements and must afford at least 10 days from the date the notice is mailed for a response.

(B) If the State agency is able to resolve the match and there is no potential for adverse action, a written notice of match results is not required. However, the State agency must provide a verbal notification of a match, which must be documented in the case file.

(iv) After the State agency has determined the appropriate disposition of the case, it shall promptly share the resolution information with the other State agency.

(v) The State agency must follow timeliness standards set forth in 7 CFR 273.2(g) and 273.14(d) for normal processing, and 7 CFR 273.2(i) for expedited service, as applicable. A lack of timely action or communication required by paragraph (c)(3)(i) of this section between the State agencies must not delay the determination of benefits for an individual.

(4) The NAC shall automatically conduct bulk matches on a monthly basis (“monthly bulk matches”) of the NAC data matching elements provided by all participating State agencies from the daily upload of active SNAP participants to discover existing duplicate participation and shall provide notifications to State agencies when matches are found for participants in their State.

(5) If a State agency receives information related to a NAC data match during the certification period for an individual currently participating in SNAP in the State, it must pursue clarification and verification by following the unclear information procedures provided in 7 CFR 273.12(c)(3)(iv) to provide notice and an opportunity to contest the information received before taking any adverse action. Information related to a NAC data match that may be received during the certification period includes:

(i) Notification of data matches directly from the NAC indicating that an active SNAP participant is receiving benefits in another State; and

(ii) Communication from another State agency based on a NAC data match indicating that an active SNAP participant is part of an applicant household or was added to an active household in another State.

(6) State agencies shall report and document instances in the household’s case file where there is a match and the actions taken to resolve it per existing State operations.

(7) State agencies shall provide for the establishment and collection of claims as appropriate. The State agency that fails to meet the requirements in paragraph (c)(3) of this section or requirements at 7 CFR 273.12(c)(3)(iv) will be considered responsible for any duplicate participation that occurs. That State agency shall be responsible for the establishment and collection of the claim in accordance with regulations at 7 CFR 273.18.

(8) Information obtained from the NAC is subject to the disclosure provisions in § 272.1(c)(4). State agencies shall not use information obtained from the NAC for any purpose other than to prevent duplicate participation.

(9) State agencies shall establish a process to prevent the disclosure of any location information received from the NAC about any SNAP applicant or participant who is considered a vulnerable individual. A vulnerable individual, for the purpose of the NAC, includes but is not limited to, those who would be endangered by the dissemination of their information, regardless of their age or gender, such as a resident of a shelter for battered women and children as described in 7 CFR 271.2, a resident of a domestic violence shelter, or a person who self-identifies as fleeing domestic violence at any point during application, recertification, certification, or addition of a new household member. State agencies shall take steps to ensure that any information resulting from a NAC match, including identity and location, is protected during verification or resolution when a vulnerable individual is indicated in a positive match. The change in the household composition resulting from the move of the vulnerable individual must be communicated to the former household via a notice of adverse action per 7 CFR 273.11(g).

## **PART 273 – CERTIFICATION OF ELIGIBLE HOUSEHOLDS**

4. The authority citation for 7 CFR part 273 continues to read as follows:

**Authority:** 7 U.S.C. 2011-2036.

5. In § 273.12:

- a. Revise the last sentence of paragraph (c)(3)(i) introductory text.
- b. Add a sentence before the last sentence of paragraph (c)(3)(iii) introductory text.
- c. Add paragraph (c)(3)(iv).

The revision and additions read as follows:

### **§ 273.12 Reporting requirements.**

\* \* \* \* \*

(c) \* \* \*

(3) \* \* \*

(i) \* \* \* The procedures for unclear information regarding matches described in § 272.18 of this chapter are found in paragraph (c)(3)(iv) of this section.

\* \* \* \* \*

(iii) \* \* \* If a State receives information from a match described in § 272.18 of this chapter, the State shall follow up with a combined notice of match results and adverse action as described in paragraph (a)(2) of this section. \* \* \*

(iv) If a State agency receives unclear information during the certification period from a match described in § 272.18 of this chapter, the State agency shall initiate action to resolve the match and communicate with the other State agency within 10 days of receipt of the match notification, in accordance with paragraphs (c)(3)(iv)(A) and (B) of this section.

(A) The State agency that receives a NAC data match shall provide to the household a notice of match results and notice of adverse action as described at § 273.13. The notice must clearly explain what information is needed from the household and the consequences of not responding in a timely manner as described at paragraphs (c)(3)(iii)(A) and (B) of this section. Any communication with the household, including a written notice, must not include the location of the individual(s) identified in a match and must follow bilingual requirements at § 272.4(b) of this chapter. State agencies must also follow regulations at § 272.18(c)(9) of this chapter for those who are considered vulnerable individual. Consistent with verification standards in § 273.2(f), the State agency must give the household at least 10 days to provide required verification.

(B) The State agency shall communicate with the other State agency to inform them they have initiated action to resolve the match. After the State agency has determined the

appropriate disposition of the case, they shall promptly share the resolution information with the other State agency.

\* \* \* \* \*

6. In § 273.13, add a sentence to the end of paragraph (a)(2) to read as follows:

**§ 273.13 Notice of adverse action.**

(a) \* \* \*

(2) \* \* \* A notice of adverse action that combines a notice of match results received through a National Accuracy Clearinghouse (NAC) computer match shall meet the requirements in § 273.12(c)(3)(iv) and § 272.18(c)(5) of this chapter.

\* \* \* \* \*

---

**Cynthia Long,**  
*Administrator,*  
*Food and Nutrition Service.*



Note: The following appendix will not appear in the Code of Regulations.

## **Appendix A -- Supplemental Nutrition Assistance Program: Requirement for Interstate Data Matching to Prevent Multiple Issuances**

### **I. Summary of Impacts**

The Department estimates the net reduction in Federal Supplemental Nutrition Assistance Program (SNAP) spending associated with the interim final rule establishing a nationwide National Accuracy Clearinghouse (NAC) to be approximately \$463 million over the five years 2022-2026. This reduction in spending represents a decrease in Federal transfers (SNAP benefit payments) of approximately \$498 million over five years due to prevention of duplicate participation, partially offset by increases in Federal systems costs related to implementing, operating, and maintaining the system (\$18.3 million) and in the Federal share of State administrative costs (nearly \$16 million). In addition, the Department estimates an increase in the State share of administrative costs (nearly \$16 million over five years) for start-up costs and costs associated with submitting data and following up on matches. This rule will also increase administrative burden on SNAP households by \$1.2 million over five years. Households identified as potential duplicate participants through NAC matches will need to provide verification and respond to notices and requests for information from State agencies.

The impacts of the interim final rule are summarized in Table 1, below; SNAP benefit payments are categorized as transfers in the accounting statement that follows.

**Table 1: Summary of Impacts**

<b>In Millions of Dollars</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>Total*</b>
<i>Transfers - SNAP benefit spending</i>						
Reduction in SNAP benefit payments**	\$0.00	\$43.35	\$106.60	\$161.43	\$186.12	\$497.50

Discounted Transfer Stream						
7 percent	\$0.00	\$37.86	\$87.02	\$123.15	\$132.70	\$380.74
3 percent	\$0.00	\$40.86	\$97.55	\$143.43	\$160.55	\$442.39
<i>Costs - Federal and State Administrative Costs and Household Burden</i>						
State Administrative Costs - Implementation	\$1.68	\$2.24	\$2.24	\$1.26	\$0.00	\$7.42
State Administrative Costs - Ongoing	\$0.00	\$1.60	\$4.80	\$8.00	\$10.15	\$24.55
Federal Systems Costs	\$4.36	\$3.46	\$3.46	\$3.56	\$3.46	\$18.31
Household Burden	\$0.00	\$0.14	\$0.27	\$0.38	\$0.41	\$1.20
TOTAL	\$6.04	\$7.44	\$10.77	\$13.20	\$14.02	\$51.48
Discounted Cost Stream						
7 percent	\$5.64	\$6.50	\$8.79	\$10.07	\$10.00	\$41.01
3 percent	\$5.86	\$7.01	\$9.86	\$11.73	\$12.10	\$46.56

\*Sums may not total due to rounding

\*\*Reduction in SNAP benefit payments are prorated for States during their first year of implementation to reflect anticipated staggered implementation throughout each fiscal year.

As required by OMB Circular A-4, in Table 2 below, the Department has prepared an accounting statement showing the annualized estimates of benefits, costs, and transfers associated with the provisions of this interim final rule.

**Table 2: Accounting Statement**

	Primary Estimate	Year Dollar	Discount Rate	Period Covered
Benefits				
Annualized Monetized (\$millions/year)	N/A	2022	7%	FY 2022-2026
	N/A	2022	3%	
Qualitative – This rule will result in the identification and prevention of actual and potential duplicate participation in SNAP nationally, thereby improving program integrity.				
Costs				
Annualized Monetized (\$millions/year)	\$10.00	2022	7%	FY 2022-2026
	\$10.17	2022	3%	
Federal costs of implementing and maintaining NAC; State administrative expense for implementing NAC matches, staff training on new procedures, notices, and verification of circumstances for identified potential matches; household administrative burden.				
Transfers				
Annualized Monetized (\$millions/year)	-\$92.86	2022	7%	FY2022-2026
	-\$96.60	2022	3%	

## **II. Section-by-Section Analysis**

### **Background**

SNAP is a key component of the social safety net in the United States. Ensuring that SNAP participants do not receive benefits in more than one State in the same month is essential to safeguarding program integrity. Under existing SNAP rules, an individual may not receive SNAP benefits from more than one State agency for the same benefit month (except certain victims of domestic violence). Regulations require that a household live in the State where it files a SNAP application and stipulate that no individual may participate as a member of more than one household or in more than one project area (e.g., a State) in any month. Program regulations also require State agencies verify applicants' residency before approving their applications.

Current SNAP rules also require State agencies to match new applicants against the existing SNAP caseload within the State at the time of certification to prevent dual participation, but do not require State agencies to check for dual participation across State lines. This rule requires State SNAP agencies to expand the check for dual participation to all States' SNAP caseloads.

### **The NAC Pilot**

Beginning in 2013, the State of Mississippi established the NAC pilot that was funded by the Office of Management and Budget's (OMB) Partnership Fund for Program Integrity Innovation.<sup>1</sup> The pilot was designed to test the feasibility of improving upon existing processes by establishing a real-time interstate data matching system to prevent duplicate participation. NAC pilot data matching operations began in June 2014 and consisted of

---

<sup>1</sup> <https://obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2011/m11-01.pdf>

five participating States: Alabama, Florida, Georgia, Louisiana, and Mississippi. The NAC pilot is still in operation at the time of this interim final rule under administrative waivers. However, there are only four States still operating the NAC pilot under administrative waivers: Alabama, Florida, Georgia, and Mississippi.

As part of the pilot, each participating State submits a daily file of its entire SNAP participant caseload, which is integrated into a list of all SNAP participants receiving benefits in the participating pilot States. State agencies query the system when they receive SNAP applications or add new members to an existing household during recertification. The NAC pilot checks these individuals against the list of active SNAP participants in the other pilot States. When a State identifies that an applicant is receiving benefits in another State, the State agency staff responsible for administering SNAP in the applicant State contacts the State where the applicant is already receiving benefits to close the individual's case or remove the individual from the household. Once the applicant's out-of-State case is closed or the individual is removed from the household, the State receiving the application can move forward with the certification process. If the applicant is checked against the NAC pilot's list of active SNAP participants in other pilot States and the applicant is not identified as receiving SNAP benefits elsewhere, then the State proceeds with the certification process as usual.

The NAC pilot allowed for estimation of the prevalence of interstate duplicate participation in the participating States. Analysis of data from before the NAC pilot began operations suggested that between 0.09 percent and 0.17 percent of the individual SNAP participants active in each pilot State's caseload in May 2014 were also receiving benefits in another one of the pilot States in May 2014. The Department notes, however, that these data only represent instances of interstate duplicate participation where both States issuing benefits were participating in the pilot. Accordingly, the NAC pilot could

not discover any potential matches between a State participating in the NAC pilot and a State that was not participating in the NAC pilot. This limit in ability to detect matches suggests that the nationwide NAC will only increase positive match frequency when new States are added to the system. The positive match frequency is also expected to decrease gradually as States adopt the nationwide NAC and NAC business processes implemented by this rule.

### Independent Evaluation of the NAC Pilot<sup>2</sup>

Pursuant to Section 4032(c) of the Agricultural Act of 2014, an independent evaluation assessed the NAC pilot's detection and prevention of duplicate participation between May 2013 and August 2015 and reported on variations in implementation between the five States. As the NAC pilot focused exclusively on interstate duplicate participation, intrastate duplicate participation was not assessed as a part of the NAC pilot evaluation. Overall, the evaluation found a relatively low occurrence of dual participation – ranging from less than one-tenth of one percent of Louisiana's eligible individuals in May 2014 to just below two-tenths of one percent of Georgia's.<sup>3</sup> The evaluation report indicated that a significant percentage of duplicate participation occurs when a new member is being added to an existing household with an existing case. In Table 19 of the evaluation report, an average of almost half, 47 percent, of duplicate participation found was from individuals residing in households where all members are not duplicate participants. The Department interprets these occurrences of duplicate participation as instances where administrative processes need to be improved and better customer service provided, particularly for individuals or households that move between States. It is likely that these

---

<sup>2</sup> <https://risk.lexisnexis.com/-/media/files/government/report/b7de1d11976a4bdd82a039a8f272265busdareportonnac2016117614%20pdf.pdf>

<sup>3</sup> <https://risk.lexisnexis.com/-/media/files/government/report/b7de1d11976a4bdd82a039a8f272265busdareportonnac2016117614%20pdf.pdf>, page 10.

individuals either failed to report their move or were not promptly disenrolled by the State agency. Table 21 further emphasizes the need for greater customer service by evaluating claims data on cases including dual participants identified at initial matching of the NAC pilot. Out of the claims data reported as initial match agency error, inadvertent client error, and intentional Program violation, nearly 28 percent of claims were due to something other than intentional Program violation. Based on this information, the Department determines that there is a greater need for enhanced customer service for applicants and participants who move between States or households, as well as better training for eligibility workers to identify these individuals and prevent inadvertent household errors and agency errors that may result in the establishment of a claim and added burden.

Although the evaluation found that the rate of duplication participation is infrequent, the report found a 46 percent reduction in the number of SNAP participants receiving benefits in more than one pilot State after one year of NAC pilot operation. Each of the five States experienced a reduction in duplicate participation, but the scale of the reductions varied. Two of the five States had 81 percent fewer instances of SNAP participants receiving benefits in another State compared to pre-NAC pilot levels (for example, from a monthly average of 882 instances down to 166 in Mississippi), while another two saw reductions of less than 30 percent (for example, from a monthly average of 3,383 to 2,446 instances in Florida). The Department believes that improving administrative processes will further diminish households' inadvertent duplicate participation.

The NAC pilot evaluation also measured each State's effectiveness in using the NAC pilot to prevent duplicate participation, comparing positive matches generated by queries regarding SNAP applicants or new household members to subsequent positive indications

of active duplicate participation. Matches on SNAP applicants or new household members that subsequently became active duplicate participants indicate that the information from the NAC pilot failed to prevent an individual from receiving benefits from more than one State agency simultaneously due to participant States not taking appropriate actions when notified of a match and/or a lack of communication between State agencies. Again, there was significant variation in how effectively the five pilot States used the NAC pilot to prevent duplicate participation. In two of the five States, less than 10 percent of instances of individuals in NAC pilot matches resulted in duplicate participation. Other pilot States were not as effective. The least effective State consistently saw about 40 percent of instances of individuals identified in matches resulting in duplicate participation.

#### NAC Pilot Lessons Learned

The overall findings from the evaluation indicate that the rate of duplicate participation is low; that when it does occur, it is more commonly the result of administrative reasons, such as data entry errors or a State failing to promptly disenroll an individual that had moved between States and/or households, and not fraud; and that NAC can effectively reduce duplicate participation if State agencies apply lessons learned from the pilot as they implement the nationwide NAC data match. The pilot States with larger reductions in duplicate participation were the same States with better statistics when it came to preventing duplicate participation. The NAC pilot evaluation found that these States were more successful largely due to the extent that they automated NAC processes. They used web services to link their State systems with the NAC pilot. This enabled real-time querying of the NAC pilot database in a manner similar to a manual portal query, with the added advantage of limiting caseworker intervention to only those instances in which a match is generated. For example, if a State agency eligibility caseworker needs to process an application on the same day the application is received, the web services

approach allows for sending and receiving information from the NAC that same day. NAC pilot States that were less effective in terms of preventing and reducing duplicate participation used a batch process model where information is not returned until the following day. This sometimes led to the certification of an application before the caseworker became aware that there was a positive match from the NAC pilot indicating an active case in another State.

The more successful States in the NAC pilot also integrated the NAC with their SNAP eligibility systems and into existing workflows. State agency eligibility caseworkers received flags to take additional steps only in the event of a positive match, rather than having to check the NAC pilot portal for every application they processed and every person they added to a case.

The differences in business processes and systems integration not only provide at least a partial explanation for the varied outcomes achieved by States, but also support a set of practices that may be adopted to improve upon and maximize the effectiveness of the NAC pilot. Additionally, the evaluation report also recommended that State agencies conduct comprehensive front-line training. This includes dedicating resources to delivering hands-on training for eligibility workers using real-world examples for the approach the state will use to operationalize the tool and communicate with other states. These best practices from the NAC pilot combined with feedback from State agencies inform the design and implementation of the nationwide NAC solution implemented by this rule.

### NAC Pilot Final Results

The NAC pilot evaluation estimated the total benefit overpayments averted by the NAC pilot and the potential benefit overpayments that could be saved if the NAC were implemented nationwide. The evaluation compared the decay rate of dual participation



over the course of five months starting from both before the NAC pilot began in December of 2013 and during the course of the pilot in December of 2014. The difference represents the effectiveness of using the NAC pilot to prevent and timely resolve duplicate participation. In each State, the entries of duplicate participation fell from December 2013 to December 2014. However, anywhere from 25.8 percent to 41.45 percent of instances of dual participation identified in December 2013 continued five months later into May 2014. Once the NAC pilot was implemented, the total number of duplicate participant entries fell for each State and the percentage of individuals remaining as duplicate participants after five months fell from 21 percent to 0 percent in Alabama, 51.4 percent to 17.8 percent in Florida, 49.6 percent to 17.1 percent in Georgia, 41.4 percent to 6.5 percent in Louisiana, and 34.9 percent to 3.2 percent in Mississippi. In each case, the NAC pilot was effective as reducing the rate of duplicate participation.

The NAC evaluation also calculated actual savings by estimating the savings per month per instance of duplicate participation prevention in each of the pilot States and multiplying those savings by the median months of duplicate participation avoided. To establish the median length of duplicate participation for an individual, the NAC evaluation identified the eligibility date in each State, selected the latest of the two dates to establish when overlapping eligibility began, identified the next recertification date for the individual's case in each State, and selected the soonest of the two recertification months. The number of months between the start of overlapping eligibility and the next recertification month establishes the median expected length of dual participation per State, which ranged from 6 to 11 months. The evaluation avoided double counting the prevention of duplicate participation in both States by assuming the individual was eligible to participate in one of the States. The estimated State agency costs of NAC participation were then subtracted from these savings to yield a total estimated net impact for the NAC pilot of more than \$5.6 million per year in the five NAC pilot States.

The evaluation estimated the potential impact of a nationwide NAC from the results of the NAC Pilot, including the potential cost savings associated with its implementation. These estimated savings for the pilot States were converted to percentages of total fiscal year (FY) 2014 SNAP benefit issuance in each pilot State, then averaged and applied to the program-wide total FY 2014 benefit issuance. The evaluation estimated that nationwide implementation of the NAC would have saved more than \$114 million in FY 2014, or 0.16 percent of total SNAP issuance. As a result of this successful pilot, as evidenced by the evaluation report findings, Congress passed legislation to expand the NAC nationwide and mandated State participation.

#### Establishment of the Nationwide NAC

The nationwide NAC will help States enforce existing SNAP residency requirements by conducting data matches on SNAP caseloads across States and notifying State agencies when there is evidence of an applicant participating in another State for the same benefit month. The mechanics of the NAC are simple – States contribute daily files of their active SNAP participants in a common format to a centralized database. States also submit information requests to the database on new program applicants, at recertification, and when a new household member is added to an existing SNAP case. Then, the NAC looks for overlapping information on a range of data points, including Social Security number, name, and date of birth (DOB), to determine if the household or individual is already a SNAP participant in another state.

The interim final rule requires every State SNAP agency to participate in the NAC within five years. On at least a daily basis, States must provide, at a minimum: full name, Social Security number (SSN), and date of birth for each active SNAP household member.

When available, State agencies must also provide additional data elements that are intended to increase accuracy of matches, including: a flag to identify vulnerable

individuals,<sup>4</sup> participant ID, case number, participant closing date, and recent benefit issuance dates. The NAC will compare required data elements (name, SSN, and date of birth) for active SNAP recipients, SNAP applicants, and newly added household members among States. The NAC will also conduct monthly bulk matches of the NAC data elements provided by all participating State agencies to discover existing duplicate participation.

Prior to certification or to the addition of a new household member, States will be required to submit information about each member of a SNAP applicant household and each new household member for comparison with information about active SNAP recipients in other States. Upon receiving a data match from the NAC indicating that a member of the applicant household or a newly added household member is already an active SNAP recipient, the State agency shall follow a 10-day timeframe established at 7 CFR 272.18(c)(3) to resolve the match and report that action to the other State agency. States are prohibited from contacting any third parties or otherwise disclosing any information regarding a positive NAC data match involving an individual who the State agency determines would be endangered by dissemination of their identity or location, because they are a resident of a shelter for battered women and children or they are fleeing domestic violence. Therefore, the interim final regulation allows for a vulnerable individual flag to be used to identify when precautions must be taken to protect the individual's information in the event of a match.

When a NAC match is received at application, recertification or for a newly added household member, States are required to follow existing SNAP procedures governing the receipt of unclear information about a household and to clarify whether the individual

---

<sup>4</sup> The interim final rule establishes a definition for vulnerable individuals specific to the NAC at § 272.18(c)(9). This definition includes, but is not limited to, those who would be endangered by the dissemination of their information, such as residents of shelters for battered women and children as defined in 7 CFR 272.1, or a person fleeing domestic violence.

is, in fact, participating in another State by sending the household a Notice of Match Results (NMR) that clearly explains what information is needed from the household and the consequences of failing to respond to the notice.

The interim final rule establishes procedures to be followed for NAC matches containing unclear information during the certification period at 7 CFR 272.18(c)(5). If the household is currently certified in the State that received the NAC match, the State agency will combine the NMR with a Notice of Adverse Action (NOAA). The Department is adding this combined notice for action on NAC matches only to expedite the notice process for State agencies, reduce the likelihood of duplicate participation and thus establishment of a claim against a household, while providing the household with an opportunity to contest.

#### Effect on State Agencies:

State agencies will upload data that is de-identified to the NAC. State agencies will upload this data at least once each working day. State agencies must act on the matches by contacting the individual, sending a notice, contacting the other State agency indicated in the match, or through other methods of further verifying the match before taking adverse action. Specific actions will depend on when the match takes place, whether it be for a new applicant, newly added household member, recertifying participant, or during certification. State agencies will also be required to complete and sign a Computer Matching Agreement (CMA) which will outline requirements for State agencies to join the NAC. However, there is the potential for States to have to follow up on a large number of cases at initial implementation of their and other States' participation in NAC.

Estimates of the administrative costs to implement and participate in the NAC are based on the NAC pilot evaluation, discussed in detail above. The evaluation found that the total monthly administrative cost to operate the NAC for the five pilot states was about

\$82,000 and ranged from \$5,499 - \$21,763 for the five pilot States. The total annual cost was nearly \$1 million (\$984,000 per year), or an average of about \$200,000 per State, per year. Based on this annual average, the Department projects that the annual operating cost of participating in the NAC would be approximately \$10.6 million if the NAC were implemented nationwide. The pilot evaluation also found that States spent on average about \$140,000 on planning, programming, and staff training when implementing NAC.

The Department expects 12 States will implement the NAC in FY 2023, an additional 16 States will conduct the match in FY 2024 (28 States, total, including the 12 States that implement in FY 2023), 16 more States will implement in FY 2025 (44 States, total), and in FY 2026 the remaining 9 States will implement (53 States, total). These estimates are based on States' expressed interest in participating in the NAC and the Department's ability to provide infrastructure and technical assistance to the States. The costs in the following table reflect this phase-in rate. As indicated in Table 3, implementation costs are not expected to continue beyond FY 2025, while ongoing annual operating costs will continue into future years.

**Table 3. Calculation of State Administrative Expense for Implementation NAC Data Matching**

Dollars in millions	2022	2023	2024	2025	2026
Per State Implementation Cost \$0.14					
Per State Annual Cost \$0.20					
States Conducting NAC Matching	0	12	28	44	53
Implementation Costs*	\$1.68	\$2.24	\$2.24	\$1.26	\$0.00
Annual Operating Costs**	\$0.00	\$1.60	\$4.80	\$8.00	\$10.15
<b>Total State Administrative Costs (Federal + State)</b>	<b>\$1.68</b>	<b>\$3.84</b>	<b>\$7.04</b>	<b>\$9.26</b>	<b>\$10.15</b>

\*States face implementation costs in the year prior to implementation only.

\*\* Annual operating costs are prorated for States during their first year of implementation to reflect staggered implementation throughout the fiscal year.

State Administrative Expense (SAE) is split evenly between Federal and State governments. Thus, the State share of increased SAE is expected to be \$0.84 million in FY 2022 and \$15.98 million over five years. These costs will only accrue to those States

that have implemented NAC data sharing. Costs may be somewhat higher at implementation due to detection of existing duplicate participation.

Effect on Federal Spending:

As SAE is shared between Federal and State governments, Federal spending for SAE is expected to increase by \$0.84 million in FY 2022 and \$15.98 million over five years. In addition, the Federal Government will face costs associated with developing and maintaining the NAC. The Department estimates that it will cost \$4.4 million to develop, implement, maintain, and provide support services for the nationwide NAC in FY 2022, and \$18.3 million over five years. This estimate is based on contractual costs for system design, development, and operations and for Help Desk support. Thus, the Federal costs for administering the NAC are expected to be \$5.2 million in FY 2022 and \$34.3 million over five years (Table 4). The Department also expects to provide technical assistance and other support to States as they join the NAC.

**Table 4. Calculation of Federal Costs of Implementing and Operating NAC Data Matching**

Dollars in millions	2022	2023	2024	2025	2026
Federal Share of State Administrative Expense*	\$0.84	\$1.92	\$3.52	\$4.63	\$5.08
System Development, Operation, & Maintenance	\$2.7	3.0	3.0	3.0	3.0
System Design	\$1.1	\$0.0	\$0.0	\$0.0	\$0.0
System Help Desk	\$0.5	\$0.5	\$0.5	\$0.6	\$0.5
<b>Total Federal Costs</b>	<b>\$5.2</b>	<b>\$5.4</b>	<b>\$7.0</b>	<b>\$8.2</b>	<b>\$8.5</b>

\* Annual administrative expenses are prorated for States during their first year of implementation to reflect staggered implementation throughout the fiscal year. The Department received an additional \$5 million in appropriations in FYs 2020 and 2021 for NAC development.

Federal administrative costs would be more than offset by reduced SNAP benefit spending (transfers) due to prevention of duplicate participation at application. The NAC pilot evaluation estimated the potential reduction in SNAP benefit spending and concluded that if the NAC were used by all State SNAP agencies, benefit spending net of administrative costs would be reduced by:

- 0.191 percent by preventing duplicate participation (avoidance); and

- 0.069 percent as States identify and act upon existing (active) cases of duplicate participation across state lines at the initial implementation of the NAC.

These estimates were calculated as follow:

- The total number of duplicate cases that could be prevented was estimated by comparing the percentage of cases that were duplicate participants prior to NAC pilot implementation to the percentage of cases that were duplicate participants 4 months after implementation. By using percentages rather than raw numbers, this methodology accounts for changes in the overall SNAP caseload over the course of the pilot.
- The estimated number of duplicate cases was adjusted to avoid double-counting matches. Households were assumed to remain eligible in one State (their actual State of residence), so they discontinue participation in only one State (rather than two). After adjustment, the number of duplicate cases prevented per month ranged from 41 cases to 248 cases across the 5 pilot States. The median number of months of duplicate participation avoided during the NAC pilot varied by State from 6 months to 11 months.
- Monthly benefit savings per case varied from \$123 to \$135. Based on analysis of pilot redemption data, total savings per State were reduced by 12 percent to account for the fact that some duplicate participants only redeemed benefits from one State. This resulted in total monthly savings that ranged by State from \$40,438 to \$176,433.
- The NAC pilot only detected duplicate participation that occurred with other NAC pilot States. However, as the NAC is expanded nationwide, more duplicate participants are likely be found. Data on Public Assistance Reporting Information System (PARIS) matches was used to estimate the additional expected number of

matches if the NAC were nationwide.<sup>5</sup> Among the NAC pilot States, the percentage of PARIS matches with other NAC pilot States varied from 18.9 percent to 52.5 percent of all matches; the remainder of matches were with cases in other States. This proportion was used to estimate the additional potential savings for each pilot State if NAC matches were conducted with all States.

- Potential savings per State were then calculated as a proportion of total SNAP benefit payments in the State. Expected benefit savings varied by State from a low of 0.12 percent to a high of 0.30 percent of benefit payments.
- The 0.191 percent estimate is a weighted average of all pilot State results (Table 5).

**Table 5. Calculation of Potential Benefit Savings from Prevention of Duplicate Participation**

	AL	FL	GA	LA	MS
<b>Monthly Savings per State</b>					
Cases prevented monthly <sup>1</sup>	263	361	378	114	149
Percentage “owned” by State	54.8%	68.8%	32.6%	36.0%	46.7%
Adjusted cases (A)	144	248	123	41	70
Median spell length (B)	6	6	11	9	10
Average monthly benefit (C)	\$123	\$135	\$134	\$124	\$127
Savings per duplicate case (B x C)	\$739	\$807	\$1,475	\$1,120	\$1,271
Monthly savings (A x B x C)	\$106,562	\$200,493	\$181,730	\$45,952	\$88,426
Share of duplicate benefits ever redeemed	88%	88%	88%	88%	88%
<b>Adjusted monthly savings (D)</b>	<b>\$93,775</b>	<b>\$176,433</b>	<b>\$159,923</b>	<b>\$40,438</b>	<b>\$77,815</b>
<b>Adjustment for Nationwide Expansion</b>					
Share of PARIS matches with other NAC States (E)	52.5%	18.9%	38.5%	31.1%	34.6%
Total monthly savings if NAC were nationwide (D/E)	\$178,619	\$933,510	\$415,383	\$130,026	\$224,899
<b>Monthly Savings as a Percentage of Monthly Issuance</b>					
Average monthly issuance, FY 2014	\$109,844,464	\$456,069,500	\$235,654,490	\$107,359,689	\$76,082,125
Share of benefits to duplicate participants	0.16%	0.21%	0.18%	0.12%	0.30%
<b>Average for NAC pilot States</b>	<b>0.191%</b>				

<sup>1</sup>Based on Top 5 matches.

<sup>5</sup> PARIS is a data matching service used to check whether recipients of public assistance receive duplicate benefits in two or more States.



Using data from the NAC pilot evaluation, the Department also estimated the potential benefit savings due to earlier detection of ongoing cases of duplicate participation. The benefit savings were estimated as follows:

- As described in the preceding discussion, to estimate the number of duplicate cases that could be prevented after implementation, the evaluation compared the percentage of duplicate cases prior to implementation to the percentage four months after implementation. The latter figure represented the potential prevention of new duplicate participants. The remainder represents the percentage of cases that would be identified as on-going duplicate participants at the time of implementation.
- The same assumptions were made regarding the average monthly benefit, share of duplicate benefits that would not be redeemed, overlap between NAC States, and impacts of nationwide expansion.
- Rather than using the 6-11 month median spell length, we assumed that on average cases would be closed 2 months earlier than in the absence of the NAC. This assumption reflects that the duplicate cases would be detected 1-3 months earlier than they would through quarterly PARIS matches.
- As with the prevention estimate, potential savings were calculated as a weighted average of savings in all States, for an average of 0.069 percent of benefits per State (Table 6). Because these savings are the result of earlier detection of ongoing duplicate participation, the savings only occur in the first year of operation.

**Table 6. Calculation of Potential Benefit Savings from Earlier Identification of Ongoing Duplicate Participation**

	AL	FL	GA	LA	MS
<b>Monthly Savings per State</b>					
Cases prevented monthly <sup>1</sup>	1014	187	160	255	629
Percentage “owned” by State	54.8%	68.8%	32.6%	36.0%	46.7%
Adjusted cases (A)	555	129	52	92	294
Median spell length (B)	2	2	2	2	2
Average monthly benefit (C)	\$123	\$135	\$134	\$124	\$127
Savings per duplicate case (B x C)	\$246	\$269	\$268	\$249	\$254
Monthly savings (A x B x C)	\$136,893	\$34,589	\$13,949	\$22,812	\$74,640
Share of duplicate benefits ever redeemed	88%	88%	88%	88%	88%
<b>Adjusted monthly savings (D)</b>	<b>\$120,466</b>	<b>\$30,438</b>	<b>\$12,275</b>	<b>\$20,074</b>	<b>\$65,683</b>
<b>Adjustment for Nationwide Expansion</b>					
Share of PARIS matches with other NAC States (E)	52.5%	18.9%	38.5%	31.1%	34.6%
Total monthly savings if NAC were nationwide (D/E)	\$229,459	\$161,048	\$31,883	\$64,547	\$189,836
<b>Monthly Savings as a Percentage of Monthly Issuance</b>					
Average monthly issuance, FY 2014	\$109,844,464	\$456,069,500	\$235,654,490	\$107,359,689	\$76,082,125
Share of benefits to duplicate participants	0.209%	0.035%	0.014%	0.060%	0.250%
<b>Average for NAC pilot States</b>	<b>0.069%</b>				

<sup>1</sup>Based on Top 5 matches.

Sums may not total due to rounding.

Once the NAC is successfully implemented nationwide, the Department expects that active cases of duplicate participation across State lines will largely be eliminated. To reflect this, savings from identification of active duplicate cases are phased out after all States have implemented. The Department acknowledges a small number of active duplicate participation cases may still occur because of imperfect use of the NAC, but anticipates that it would be a small number of cases.

Because the Department expects NAC participation to be phased in over time, and because it cannot predict which States will begin participating in each year after implementation begins, our estimated reduction in benefits assumes that NAC coverage of the SNAP caseload phases in at the same rate as State participation. In other words, if 25 percent of States participate in a given fiscal year, then 25 percent of the potential

benefit reduction will occur, prorated to reflect expected staggered implementation throughout the fiscal year. The estimated savings are for prevention and identification of duplicate participation (Table 7).

**Table 7. Calculation of Reduction in SNAP Benefit Spending due to Earlier Detection of Ongoing and Prevention of New Duplicate Participation**

Dollars in millions	2022	2023	2024	2025	2026
Projected SNAP benefit spending*		\$97,694	\$99,364	\$97,850	\$95,613
Estimated from avoidance (0.191%)**		-\$28.15	-\$85.99	-	-
	\$0.0			\$141.13	\$174.97
Estimated savings from identifying active duplicate participation (0.069%)	\$0.0	-\$15.20	-\$20.61	-\$20.30	-\$11.16
Percentage of States participating	0.0	22.6	52.8	83.0	100.0
<b>Total reduction in SNAP benefit spending</b>	<b>\$0.0</b>	<b>-\$43.35</b>	<b>\$106.60</b>	<b>\$161.43</b>	<b>\$186.12</b>

\*Source: Internal USDA Estimates

\*\* Savings from avoidance for newly implementing States are prorated to reflect expected staggered implementation throughout the fiscal year as States join the NAC.

#### Effect on SNAP Participants:

This rule will not affect the monthly benefit allotments of SNAP participants, except for those who are participating in more than one State in the same month or who attempt to do so. The interim final rule includes provisions to protect participants from being incorrectly removed from the program due to an inaccurate match, to protect participants' privacy, and to reduce participants' burden in responding to a match.

The NAC can also protect households/individuals from claims as a result of inadvertently participating in more than one State simultaneously. Under the current process, State agencies rely primarily on manual processes to track and act upon data matches, which can be error-prone and time-consuming. For example, a household could report to State A that they moved to State B and begin receiving SNAP in State B, but State A failed to close the case in a timely fashion. By preventing duplicate participation, the NAC can reduce the need to establish claims against households/individuals who complied with program rules.

Households/individuals that are identified as potential duplicate participants will face additional administrative burden. For households/individuals identified by a match during

the certification or recertification process, or when adding a new household member, this burden includes providing additional verification of residency when needed (309 hours per State, on average) and responding to a Notice of Match Results (NMR) (646 hours per State, on average). This would be an ongoing burden in every year after initial implementation. The NMR will provide households/individuals incorrectly identified as potential duplicate participants an opportunity to dispute the match and prevent people from incorrectly being removed from SNAP as a result of an inaccurate NAC match. For households/individuals identified as a possible active duplicate participant during the certification period, burden includes reading/responding to a combined NMR and Notice of Adverse Action (NOAA), and providing additional verification when needed. This combined burden (646 hours per State, on average) would primarily take place as States newly implement the NAC, when active duplicate participants are expected to be identified. Because the Department expects active cases of duplicate participation to decline as the NAC is implemented nationwide, household burden related active duplicate participation is phased out as the NAC is phased in. Altogether, this administrative burden is expected to cost households \$1.2 million over five years (Table 8).

**Table 8. Calculation of Household Administrative Burden**

Dollars in millions	2022	2023	2024	2025	2026
Total States participating in NAC	0	12	28	44	53
States newly implementing NAC	0	12	16	16	9
Household burden hours* for:					
Verification (309 hours per State on average)*	0	3,708	8,651	13,595	16,376
Responding to NMR (646 hours per State)*	0	7,746	18,074	28,401	34,211
Responding to combined NMR and NOAA (646 hours per State)*	0	7,746	10,328	10,328	5,809
<b>Total Hours</b>	0	19,199	37,053	52,324	56,396
<b>Total Cost</b>	<b>\$0.00</b>	<b>\$0.14</b>	<b>\$0.27</b>	<b>\$0.38</b>	<b>\$0.41</b>

\*Household burden expressed as an average per State. Verification hours assume an average of 4,612 households per State spend 4 minutes each (on average) on verification. NMR hours per State assume an average of 7,730 households per State spend 5 minutes each reviewing a NMR. Combined NMR and NOAA hours assume an average of 7,730 households per State spend 5 minutes each.

Some households/individuals identified as potential duplicate participants may be false positive matches and may face additional administrative burden associated with verifying their circumstances. However, as matching against name, Social Security number, and date of birth will be required, the Department expects to minimize such false positive matches.<sup>6</sup> Additionally, States are expected to ensure they have reliably valid information about the identity of all members of an applicant household and their intent to receive SNAP benefits prior to submitting information to the NAC to minimize the risk of false positive matches.

To minimize risks to the privacy of SNAP participants, the Department will ensure that the NAC maintains strict security standards to prevent the unauthorized disclosure or modification of information. The NAC system will not store or retain any personal identifiable information (PII) and the interim final rule requires that the NAC use only de-identified personal information for enhanced security of SNAP participants. Additionally, NAC data cannot be used for any purpose other than detecting duplicate participation.

### **III. Uncertainties:**

There are several uncertainties regarding the estimated impacts of the NAC rule.

- First, while the Department intends to vigorously push States to implement this rule, experience indicates that States face a variety of challenges when required to implement program changes that rely heavily on changes to their automated systems. These challenges can delay full implementation for years when, for

---

<sup>6</sup> The NAC pilot evaluation found that, with virtually no exceptions, matches on all three of these data elements were valid.

example, a State is in the process of building and implementing a new system to replace a legacy system. This results in a high level of uncertainty regarding how quickly States will begin implementing the NAC. The estimates in this analysis rely on the Department's conversations with States to gauge their interest and readiness to implement the NAC. Table 9 below illustrates how those estimates might vary if implementation were slower than expected.

**Table 9: Impact of Alternative Phase-in Assumptions**

Dollars in millions	2022	2023	2024	2025	2026	5-YEAR	10-YEAR
<b>Expected Phase In (by 2026)</b>							
States Implementing	0	12	28	44	53		
Reduction in SNAP benefit payments	\$0.0	-\$43	\$107	-\$161	-\$186	-\$497	-\$1,493
Federal/State Administrative Costs (total)	\$6.0	\$7.3	\$10.5	\$12.8	\$13.6	\$50.3	\$121.1
Household Burden	\$0.0	\$0.14	\$0.27	\$0.38	\$0.41	\$1.2	\$3.0
<b>Assume Slower Phase In (by 2029)</b>							
States Implementing	0	8	16	24	32		
Reduction in SNAP benefit payments	\$0.00	-\$29	-\$60	-\$88	-\$113	-\$290	-\$1,216
Federal/State Administrative Costs (total)	\$5.5	\$5.6	\$7.4	\$9.1	\$10.6	\$38.2	\$105.4
Household Burden	\$0.00	\$0.09	\$0.15	\$0.20	\$0.26	\$0.70	\$2.54

- Second, the costs and savings described in this analysis are based on the five-state NAC pilot, and it is uncertain whether the pilot results will be replicated nationwide. For example, the NAC evaluation found that the extent of automation might affect States' ability to follow up on match results. The NAC evaluation also found that savings per match and monthly savings due to prevention of duplicate participation varied widely across the pilot States. As a percentage of total SNAP allotments in the pilot States, the reduction in benefit payments due to avoidance of duplicate participation ranged from 0.12 percent to 0.30 percent (see Table 5). The reduction in benefit payments due to identification of active

duplicate participants ranged from 0.014 percent to 0.250 percent (see Table 6). In addition, the NAC Pilot evaluation used data from PARIS matches to extrapolate how NAC savings might increase were the system to expand to additional States. The estimates presented in this analysis are based on a weighted average of the pilot State results (0.191 percent in avoidance savings and 0.069 percent in savings from identifying active duplicate participants). Table 10 below illustrates how the total reduction in SNAP benefits might change if the reduction in benefit payments were lower or higher.

**Table 10. Impact of Alternative Benefit Reduction Assumptions**

Dollars in millions	2022	2023	2024	2025	2026	5- YEAR	10- YEAR
<b>Reduction in SNAP benefit payments</b>							
Reduction = weighted average							
0.191% avoidance savings and 0.069% active duplicate participation savings	\$0.0	-\$43	-\$107	-\$161	-\$186	-\$497	-\$1,493
Reduction = lower bound							
0.121% avoidance savings and 0.014% active duplicate participation savings	\$0.0	-\$21	-\$59	-\$93	-\$113	-\$286	-\$917
Reduction = upper bound							
0.296% avoidance savings and 0.250% active duplicate participation savings	\$0.0	-\$99	-\$208	-\$292	-\$312	-\$911	-\$2,452

- Third, these estimates assume cases that are prevented from becoming duplicate participants would otherwise have participated for 6-11 months. Because States regularly conduct matches through PARIS, it is possible that the actual spell length could be shorter than the spell length in the pilot States. Table 11 illustrates how the reduction in SNAP benefit payments would vary based on spell length.

- **Table 11. Impact of Alternative Spell Length Assumptions**

Dollars in millions	2022	2023	2024	2025	2026	5- YEAR	10- YEAR
Reduction in SNAP benefit payments if:							-
Spell Length = 6-11 months	\$0.0	-\$43	-\$107	-\$161	-\$186	-\$497	\$1,493
Spell Length = 3 months	\$0.0	-\$33	-\$62	-\$85	-\$87	-\$266	-\$679

- Fourth, the per-State administrative costs for NAC pilot States varied considerably. Estimates in this analysis are based on an average across all pilot States. Administrative costs included both the costs of initial implementation, ongoing costs associated with conducting matches, and the costs of working matched cases. Costs varied based on the number of matches found, inquiries received from other States, staffing costs, and the extent of automation within the State. Thus, actual administrative costs may be higher or lower than predicted.
- Finally, the Department notes that the estimates related to earlier detection of ongoing duplicate participants do not include any savings related to establishment of claims for prior overpayments. Savings in a given year will depend upon States' efforts to establish claims and the timing of when different States implement NAC.

#### **IV. Alternatives Considered**

The language in Section 4011 of the Agriculture Improvement Act of 2018 is very specific; however, the option to modify an existing system to fulfill the purpose of the NAC was considered. Existing systems, including The Department of Health and Human Services' Public Assistance Reporting Information System (PARIS) and USDA's Store Tracking and Redemption System (STARS) were considered. These alternatives were ruled out because the Agriculture Improvement Act of 2018 required that the NAC could only be used for preventing duplicate participation. Therefore, existing systems with



additional purposes could not be used. Additionally, the cost and difficulty to re-design PARIS for the purposes of preventing duplicate participation was deemed too significant. In this RIA, we considered a longer implementation period as an alternative to the five-year period. The uncertainties section above discusses how alternative assumptions regarding the rate of implementation among States would affect the estimates presented in this analysis. A longer implementation period results in a lower reduction in SNAP benefits payments over both the five- and ten-year marks (-\$290 versus -\$497 at five years and -\$1,216 versus -\$1,493 at 10 years).

[FR Doc. 2022-21011 Filed: 9/30/2022 8:45 am; Publication Date: 10/3/2022]